TABLE 7
Canadian Investment and Savings Rates
(1951 - 90)

	Ratio to GDP (in current dollars)		
	Gross fixed capital formation	Net capital inflow	Implicit savings rate
1951-55	.2158	.0142	.2016
1956-60	.2420	.0352	.2068
1961-65	.2240	.0169	.2071
1966-70	.2403	.0064	.2339
1971-75	.2328	.0089	.2239
1976-80	.2365	.0198	.2167
1981-85	.2169	.0020	.2149
1986-90	.2275*	.0175*	.2100*

* Estimate by David Slater, based on Statistics Canada's National Accounts, Income and Expenditure forecasts for 1990.

Source: M.C. Urquhart, Canadian Economic Growth, 1870-1980, Discussion Paper 734 (Kingston: Queen's University, 1988), as reproduced in David Slater, "The Contribution of Investment", p.27.

1990s is becoming tougher. The Japanese economy, which generated significant investment outflows in the 1980s, has moved into a more troubled period, while the adjustment costs of German reunification have exceeded original overly optimistic projections. Eastern Europe and Russia as well as major Latin American economies rebounding from the "lost decade" of the 1980s represent incremental competitors for investment funds. The U.S. also faces major economic restructuring and rebuilding if it is to regain more of its competitive edge. Other analysts suggest that incremental global needs (i.e., superior to current flows) through the mid 1990s may be relatively modest. They make a distinction between capital needs in principle, and the likely demand for capital in practice given a number of factors, including economic instability in the former Soviet Union and the dampening effect of possibly higher real interest rates within OECD countries.[27] However this debate works out in practice, at the global level the case for incremental quality investment in Canada remains strong. This requires cultivating a domestic environment that encourages saving, and attracts foreign investment (both new inflows and retained earnings).

[27] F. Desmond McCarthy, "Is There a Capital Shortage?", (World Bank, October 1992).