

years; which does not mean that we have sought—or must not continue to seek—to fill other baskets.

Perhaps, however, by economic independence is meant protection against excessive United States investment in our capital development.

Last year, 1955, capital expenditure in Canada reached the figure of \$6.2 billions. The estimate for 1956 is the unprecedented figure of \$7.5 billions, or 23½ per cent of our gross national production. The rate of increase of new investment in industry is higher in Canada than in most other countries, including the United States.

For several years now, our savings have not equalled our investment, even though the proportion of such savings in relation to our Gross National Product has been also greater than in the United States.

#### Capital Inflow

The deficiency has been made up by an inflow of capital from abroad, largely from across the border. In 1955 this amounted to over \$600 millions, but our total capital investment, it should not be forgotten, was over six billions. Unless we wish to slow down or alter the pattern of our development; or unless we save and invest more ourselves, especially in speculative developments—as I hope we will do—this capital investment by our neighbour—far from being unnecessary and dangerous—is of essential importance.

Do these American investments mean that we are going to lose our national identity; to become—as it has been said—a “banana republic”?

I have too high an opinion of the sturdy patriotism and the national pride of my fellow-Canadians to admit that any attempt by the United States to secure control of or unduly influence our economic or political destiny by its investments in Canada could possibly be successful. We are not the kind of people to accept pressure of that kind.

But I have also far too high an opinion of the common sense and the genuine goodwill of our neighbour to the south to believe that they would ever make such an attempt.

Let us be neither defeatist nor demagogic in these matters. When the growing need in the free world is for close co-operation, for mutual trust, for standing together, this is no time for political or economic jingoism.

Perhaps pleas to preserve our independence are based on fears, genuine or self-induced, that we are losing control of our natural resources to American interests; that we are becoming, as the current phrase puts it, “hewers of wood and drawers of water”, as well as—and this is a more original expression—“diggers of holes” for Americans. Incidentally, a hewer of wood is today no underpaid, unskilled labourer. He is a highly skilled, respected workman who can make fifteen to twenty dollars a day; more than many of his fellow-Canadians working in factories or offices or schools.

This humiliating suggestion that we are in danger of being exploited by and of doing the rough work for the benefit of economic overlords from across the border is one which few Canadians will accept.

It is well to remember that \$1.00 out of every \$3.00 of our national income comes from manufacturing, and that our country of 16 million people now ranks sixth in the world in terms of the total value of manufactured commodities produced. These figures will help us to keep things in perspective.

We are often reminded, however, and again the reminder can be salutary, that our natural resources, though great, are not unlimited; that they should be prudently used and wisely conserved for future generations. Hence the questions: Are the Americans not dissipating too much of them for their own gain? Should we not export less and process more in our own country?

These are very important questions and have to be taken seriously. Where there are trends or tendencies which suggest answers to them that might prejudice our national development, governments should try to correct them.

#### Control of Natural Resources

I do not, however, have to remind a Quebec audience that control over the development of our natural resources rests largely with provincial governments who bear, and rightly, a major share of responsibility for the manner and extent of their exploitation. Moreover, in a free country like ours, and in the present circumstances of our development, would it be wise, as has been suggested, for the Federal Government to impose restrictive controls designed to ensure that we should export from Canada a greater proportion of finished products and less of our