

hopeless conditions compared with what we enjoy in this country. I suggest the basic secret is simple and obvious. The secret has a direct relationship to the attitude of the people. To some degree we have witnessed the erosion, by one government or another, of the attitude of the Canadian people compared with what it used to be, that is, a true blue Canadian attitude. One might refer to it as the working philosophy. It has been called many things. We must put greater emphasis on people. We must exhibit a keen desire to allow people to manage themselves. We must allow them to make a few dollars and determine how they should be spent.

● (1520)

I have often in the past thought that we have spent too much money in an effort to provide a higher quality of life to everybody, without encouraging people to make a contribution toward Canada. The federal government should show leadership in a positive direction by setting goals for the ten provinces, instead of being involved in judicial brawls concerning who should hand out most of the money to the taxpayer. One could cite, over the years, examples of government interference with the provinces. In one instance a court case is in progress: the Saskatchewan government is involved in a court case with the federal government. One need not mention the situation in respect of Alberta. Newfoundland is becoming involved at the present time. Instead of Ottawa being the referee, in far too many cases it has become the participant, competing with the province when the province is attempting to share in whatever prosperity there might be.

When Canada has needed a powerful central government to settle a dispute, the government has had to compromise its position because it is involved in the dispute. Decision-making in our country should be brought down to the lowest level. State socialism has a tendency toward the opposite. Private enterprise follows the proper course. We must begin to recognize some of these things. My friends to the left never agree that John Q. Public can make the right decision: they want to make it for him. Invariably, it takes three or four minds to carry out what John Doe could have done himself, and much more efficiently. Until a better control system is formed, the open marketplace, although it may have many difficulties and cause much concern, is still the best system and should be more adequately supported in Canada.

We might consider CEMA and the egg situation for a moment. Surely one can realize the difficulty. One might ask, how many eggs are 20 million? I do not look upon that as a great number, but I do consider it to be a great loss in human time when we consider that eggs can be shipped from Newfoundland to British Columbia at a cost of 19 cents. We may think we can interfere everywhere. We might be better off to study Hardin's law, which is simply that if the government makes one interference, it must make two or three more in order to catch up to the first one, and then it becomes a perpetual thing.

We have heard a great deal of discussion in the past few years about foreign investment. I think the amount of foreign investment which has taken place in Canada is alarming. From 1966 to 1969, the net capital inflow from the United States to Canada was \$2.5 billion. The net capital outflow to the United States in interest and divi-

dends from Canada during that period was \$3.6 billion. We had a minus situation of \$1.1 billion. I am alarmed at that. Seventy-six per cent of all companies in Canada with assets of over \$25 million are foreign-owned. We should start doing something about this situation. Very little was said about it in the speech from the throne. I am concerned about the route we should take. The only practical and positive route would require patience and courage.

Intelligence and firm leadership is required, rather than immediate haste on the part of governments, which forces people out of foreign investment and also encourages Canadians to leave. This only brings about a greater degree of loss to Canada than is necessary. As I said earlier, any new product has a life span of something like ten years. Slowly and surely we should give Canadians a clear indication that they can invest, and they should be encouraged to invest, in Canada.

In order for Canada to control a larger portion of its destiny, we should not be afraid of multinational corporations. We should make certain many of these multinational corporations are owned by Canadians, particularly those who do business within Canada. In order to do this we must have low-cost capital. We have not had this in Canada because in many cases we have driven it out. This capital must be available at a competitive price, for a long term. It is more important to have equity capital than debt capital, since if we manage ourselves properly we can always borrow money.

I believe it is extremely important that Canada should have such equity capital. We are now concerned about the oil industry and that we may be net importers of oil by 1983 because government in the past two years has successfully driven out a huge portion, well over 50 per cent, of the skills involved in the oil industry. It would probably take another four years to entice them back to Canada to go to work and carry on exploration for oil.

Because of the nature of the society in which we live, Canada always has had a good supply of professional skills in the field of applied research and applied science. If we do not create the right climate for these people in Canada, they will leave. We also have had some difficulty with our Canadian banks. The Gray report pointed out clearly that Canadian banks have been more prepared in the past to lend to foreign concerns than to Canadians. They do not seem to trust the people who have special skills in applied research, and so on. We do not seem to think they are as great as people from another country.

The fundamental requirement for attracting capital and people, and trusting the judgment and skills of these people, is to create the proper environment in which the capital and knowledge can be put to work. Environment, in this case, can be defined as the position our government takes toward business and the marketplace system. The government should state its position as clearly as possible and deviate as little as possible over the longest possible term.

It is becoming increasingly important for the federal government to state its priorities, one of which should include an industrial policy. A clear enunciation of priorities should be given the Canadian citizen so that he may determine where is the best place to concentrate his effort or whether he should bother making any effort at all. One