

Some degree of reliance on foreign resources for some period of time may be justified at particular periods of a nation's economic development. This is particularly true of the really undeveloped countries which live close to the poverty level and find it virtually impossible to accumulate domestic savings and devote them to the expansion of productive facilities. It was perhaps also appropriate at times during the earlier stages of industrial development of a new country, as, for example, in the United States in the 19th century, and in Canada into the early 20th century. It is scarcely true of Canada today, a country which is in many ways a highly developed economic entity, enjoying a standard of living generally thought to be second only to that of the United States.

### Rate of Saving

The Canadian people and Canadian business enterprises are capable of a high rate of saving and do accumulate each year large new savings, which are available for investment in new productive facilities. The statistics indicate that in most years our rate of personal saving is somewhat less than in the United States, but our rate of total savings, by corporations, individuals and governments combined, including the setting aside out of earnings of funds for depreciation, is considerably higher than in the United States.

Anything that can be done to encourage a reasonable increase in personal, governmental or other saving in Canada would obviously be a step in the right direction.

Probably the greater factor in our problem, however, has been an excessive degree of spending on capital facilities of all kinds (including housing) much greater in total than we were able to produce or at any rate willing to provide out of our own savings. The longer we cause or permit this excessive spending to operate, and to produce a correspondingly heavy surplus of imports over exports and a high annual rate of increase in our foreign debt, the more vulnerable and precarious does our position become.

### Capital Outlay

The rate of new capital spending (both public and private) on physical works, plant and equipment in Canada in recent years has, according to the statistics, been considerably greater than in the United States--about 26 per cent of gross national product as against 18 per cent--but there does not appear to have been a correspondingly greater increase in the output of new goods and services by Canadians. We have absorbed, consumed or put to use a much greater volume of capital, without getting a commensurately greater rate of increase in production.