

*The Address—Mr. Thompson*

and public debt charges, thus assuring Canadians a standard of life compatible with this nation's capacity to produce, do not possess the confidence of this house.

Now, Mr. Speaker, I would continue with my remarks. I think I still have a few moments left. The objectives for a world trade conference are commendable and good, but may I remind the government that you must start some place, and what better place to start than the commonwealth itself?

It is interesting to note that the Prime Minister has endeavoured to build confidence in Canada for foreign capital. Why is not something done about building confidence in Canada for Canadian capital? How can we expect Canadian owners of Canadian capital to invest their money in the development of their own country when they can receive more profit with less risk by investing in the debt of a deficit financing policy?

**Mr. Speaker:** Order. I regret to advise the hon. member that his time has expired.

**Some hon. Members:** Continue.

**Mr. Speaker:** However, if the house grants unanimous approval, the hon. member may continue.

**Some hon. Members:** Agreed.

**Mr. Thompson:** Thank you, Mr. Speaker. At this point it is well for us to understand, in general terms at least, the different capitals with which we have to work. Adam Smith understood this when he realized that labour and land were not sufficient; that in a mechanized world capital is necessary. Today, as automation takes over, how much more necessary is it for us to understand the basic purpose of capital if we are to survive at all as a free way of life.

We have tax capital. Tax capital is the money which the tax collector takes from your pockets, my pockets and the pockets of all Canadians to pay for the services which government renders. Governments have no source of capital except as they take it from us, the taxpayers, or as they use our credit to borrow money to make up deficits. I think the sooner we understand, the better. I suggest to hon. members of the house on this side that the sooner we remember that the only money governments have to spend is tax money, the better off it is going to be for our economy. You cannot get something for nothing when it comes to paying the cost of services of government.

Second, there is commercial capital, which has better been called production capital. This is the capital which comes from our savings and which is rightfully used for the development of our resources and the carrying on of our commerce. This is the kind of capital that

earns a profit. There is nothing wrong with profit. Some of our hon. friends would make "profit" a dirty word. Profit is nothing more or less than the earnings of the invested capital as it produces our needs.

The trouble in our country today is that our production capital lies idle when it should be at work developing our country. If 25 per cent of this type capital today that lies idle were put to work, there would be no shortage of capital and we would not have to be crying for capital from outside the country.

I should here like to mention a third type of capital which is most important to us right now. This is public capital. Public capital is capital which is used to construct and make possible our public projects which do not earn a profit. I am thinking of schools, hospitals, highways, bridges and canals. This is the type of capital we must have to finance the capital development of our public or social needs.

We in this corner of the house maintain that this capital should not come from the commercial market. It should come from a municipal development bank as an integral part of the Bank of Canada. May we remember here that such capital does not earn a profit. Do we earn a profit on schools, highways, hospitals or canals? No. Instead, it facilitates a service. Public capital under the present system is drawn off the commercial market at high rates of interest. As a result, the cost to the taxpayer of all public developments in this country is more than double the cost of the actual construction itself. As an example, board sidewalks costing \$100,000 in 1912 cost the Vancouver taxpayer \$345,000 by the time the final payment was made in 1962. The paradox of this is that those sidewalks never earned a cent of profit and they rotted away more than 30 years ago.

The real purpose of a municipal development bank and not that of a municipal fund, which just takes more money to redistribute to the others, is to supply the credit which is necessary for the construction of our public capital works and this is one of the most urgent needs at this moment in our economy because unless this type of expansion can go forward this winter we shall be facing one of the grimmest winters we have experienced for many a year. While I do not claim to be a prophet nor a son of a prophet, I am sure that by next spring we shall have 20 per cent of our work force unemployed, together with a cost of living higher than it has ever been. This is something we shall have to face in this house in this parliamentary week. Canada stands at a crossroads in her history and the crisis