The recent Watkins study under the tutelage of the President of the Privy Council proposes a policy of economic nationalism which would, if implemented, destroy the very basis of private enterprise in Canada. Joining with the popular cry of those theorists who speak similarly, it would throttle foreign investment capital and instead promote Canadian enterprise, resource development and trade control through the vast state investment enterprises it would set up. It was called a very good report. I did not hear the Minister of Finance say very much about it but he too must have been quite willing to blame the United States for our own error and for what we ourselves refuse to do. We talk about money coming into this country from the United States. I point out that in 1967 more than $1.75 billion of Canadian investment money went into the United States. Can we not convince Canadians that investment in this country is as worth while as investment in the United States? It is a strange thing that for every per capita dollar the Americans have invested in Canada we invest per capita nearly $3 in the United States. In this connection I would refer to an editorial which appeared in the Toronto *Star* of last week. It said in part:

> Can't we encourage some of that southbound cash to stay in Canada and help pull ourselves up to a standard of living by our own bootstraps?

Because the financial policies of this government have dried up our sources of capital, our municipal, provincial and federal governments have to go across the border to borrow money that we refuse to provide for ourselves. In addition, this money has to be borrowed at high interest rates, causing further pressure on the Canadian dollar and bringing with it an ever-increasing national debt.

It is about time some of our politicians stopped harping about buying back foreign ownership and began encouraging Canadians to invest in Canada. It is likewise time that some of our Canadian investment dealers encouraged people who have some savings in the bank to invest their money in Canadian stocks and resource development. It is not only imperative but it is a national responsibility for every Canadian to invest his savings in Canadian enterprise and development. If this happened Canada would not require foreign investment, Canadians would be better off and we would not be facing the crisis that we face at the present time. It is about time that the Minister of Finance applied some common sense reasoning in so far as our domestic financial policies are concerned.

• (5:20 p.m.)

I do not mean to detract at all from the problem on the international scene. One of our great problems in Canada is that our sources of capital have dried up and we have to go outside to get it. One of the great problems of the world is that international liquidity is so short that there is not sufficient money to carry out normal exchanges. This is what is bringing pressure on the United States dollar as well as the Canadian dollar. We could well follow the advice of those who say that it is time the price of gold was increased. I do not favour the continuation of gold as the international standard. We got rid of it in Canada in 1935 and we have to get rid of it on the international scene also. Increasing the price of gold might be the first step toward bringing about a better situation so far as the settlement of international exchange is concerned. If the price of gold were increased to double its present value, certainly for the time being at least the international liquidity situation would be solved. This is what General de Gaulle has been talking about through his own economists, and it is his policies which are responsible for many of the pressures on the Canadian dollar and the United States dollar.

Just the other day, when the Minister of Finance found it necessary to withdraw $460 million held in reserve in the International Monetary Fund, we in this house would not even have known that this had happened had it not been leaked to the press by officials of the French government. So again we in Canada are paying for the pressures which are being exerted by France and the financial policies which have come out of the money centres of Europe against the United States and which are reflected in Canada because of the inadequacy of our own financial policies. It is about time that we began advocating international monetary reform and implementing more effective policies on the domestic scene.

I listened with intense interest to the Minister of Finance during some of the committee hearings on the Kennedy round. He spoke about the conference he had in Rio de Janeiro with the other nine members of the elite Group of Ten nations which form the special committee within the International Monetary Fund. He told us in the committee that not one of the authorities from the other nine countries had any idea of how to control the present increase in interest rates and the continuing drying up of international sources of