

*Report on Canada's Economy Tabled*

outlays in all goods producing industries are expected to be up 18 per cent. Within this goods producing sector an increase of 20 per cent is indicated for manufacturing and 36 per cent for mining.

These outlays involve both expansion and modernization of existing facilities. Once these programs are completed Canadian industry should be more competitive and also better able to supply rising demands in both domestic and foreign markets. Outlays for social capital needs are expected to increase by 15 per cent in 1966; spending for universities and schools is likely to rise by 26 per cent.

The strong advance in capital spending indicated for Canada as a whole is reflected in the program in each of the five principal geographic regions. The increases expected range from 10 per cent to 11 per cent in Quebec and the prairies, to 15 per cent in the Atlantic provinces and 16 per cent in Ontario and British Columbia.

The substantial increase in investment outlays planned for the current year indicates that capital spending will continue to give strong expansionary impetus to the Canadian economy. The program envisaged will add to the demand pressures now present in the economy, particularly for technical skills and materials which are already in tight supply. In these circumstances capital programs are increasingly subject to delays arising from supply limitations.

To forestall the further buildup of demand pressures, there is need for reasonable restraint on the part of all groups concerned in embarking upon new projects, particularly those not urgently required to improve efficiency or expand industrial capacity.

**Mr. Winch:** Does that apply to politicians' minds?

**Hon. Alvin Hamilton (Qu'Appelle):** Mr. Speaker, I wish to make a remark or two with regard to the first part of the minister's statement concerning the permits now required to export hides. This by itself is not too significant, but when you realize that the Canadian government faithfully followed the example of the United States government in applying export controls on shipments on copper and copper products, with this following so shortly afterward, once again following the United States lead, this seems to indicate a very faithful following by the government of United States economic practice.

[Mr. Winters.]

Even though this country is short of certain products, as is the United States, this policy does bring into grave question the path upon which the government now is seemingly embarking. Now, to keep within the small framework of North America production of all goods here for our own advantage does not appreciate that in the long run Canada's interest lies in the maximum amount of multilateral trade. The production of this country should be available to all countries of the world, not to just one or two neighbours.

If this policy is to continue it will mean a radical change from what governments in Canada have done for a good many years, and I suggest it means we are heading into very grave danger.

**Mr. Colin Cameron (Nanaimo-Cowichan-The Islands):** Mr. Speaker, following on the comments of the hon. member for Qu'Appelle, what I would remark in this regard is that the Minister of Trade and Commerce has now given the definition that he said he was unsure of a little while ago, when someone asked him whether he was a continentalist. Obviously this statement today indicates that he is a continentalist.

In regard to the second statement the minister made in reference to the private and public investment program for 1966, one of the important things that is revealed is the way the ratio between social capital, private capital and industrial capital investment has been changing since 1961. Business capital expenditures have now reached 61.6 per cent of total investment, whereas social capital investment has declined to 38.4 per cent. In 1962 there was a ratio in this regard as between 57 per cent and 43 per cent, so it was almost in balance.

I suggest there is not much use in the government warning us that our economy is being overheated when apparently it accepts with some nonchalance this evidence of further fuel being added to the fire.

The first part of the minister's statement seems to indicate a certain satisfaction over these revelations, yet at the end we have the usual rather weak suggestion that there must be some reasonable restraint. The minister does not tell us just what sort of restraint the government intends to exert to prevent the continuation of this imbalance between business investment and social and capital investment, which I think can reasonably be said to be one of the causes of the overheating of our economy and one of the dangers of inflation