

*The Budget—Mr. A. Smith*

inserted which, in so far as depletion allowance is concerned, would permit Canadian investors to have the opportunity to participate in the development of their resources as have their United States counterparts. If this is done, our concern that Canadians may not invest in Canada will be reduced if not eliminated. Such a provision would, I suggest, be a necessary counterpart to the one provided in this connection in the budget which the minister has introduced.

There are two other aspects of this question which are equally important, and I think the most significant of them is one which relates to a psychological impact on our economy. We have, of course, heard and read the reviews and reports of every bank president reporting to their shareholders of their respective banks. They have made two basic comments. The first is the need for an easier money policy, as they describe it; the narrowing of interest rates as between Canada and the United States, again to provide an incentive for Canadians to invest in Canada. I think a great many people in this house could agree with that.

What is even more significant, they have pointed out that the Canadian economy is progressing and moving ahead. But, they have stated, there could be a state of mind brought about among Canadians which would discourage them from investing in Canada if certain groups of people continue to talk this country into a recession. I suggest in all seriousness Canadians must be optimistic. They must, of course, be aware of the difficulties which face our economy; they must recognize the problems which affect every aspect of our industry and of our development. But we should not place in front of them, especially, those of us who have a responsibility to give some leadership in this field, purely imaginary problems and difficulties which will only discourage people from investing in a country which has such a great future.

I had the opportunity in the past month of talking to a number of investment brokers, security analysts and representatives of similar organizations in the United States, and I think that we have perhaps created in their minds an impression that this country is opposed to foreign investment. For that reason I was extremely happy that the minister and his parliamentary secretary have made it abundantly clear that under the terms of this supplementary budget investment capital is still going to be required in great quantities. Obviously, when the minister states that we in Canada are attempting to encourage Canadians to invest to a greater extent in our own country, he has made an assessment of what our investment requirements are likely to be,

particularly with regard to our extractive industries such as gas, oil and coal and so on.

Looking at one sector of this industry alone, it is apparent that since the first year in which the government approved permission for the export of natural gas we have only just begun to acquire the quantity of capital we will need in the coming years. Obviously when you export a cubic foot of natural gas you must process it, and extensive capital is required for plant construction before this can be done. Then again the development of pipe line transmission facilities will also require more capital.

I think it is important, therefore, that each of us, regardless of political affiliations, should make it abundantly clear to the United States that we shall continue to need United States investment in Canada. We cannot have it on both sides of the plate at once. We cannot enjoy a high level of development and prosperity if we attempt to utilize only Canadian capital. We must continue to encourage the inflow of new capital if we are to enjoy those benefits from a high level of prosperity which for the most part we now enjoy. In this respect I should like to say what I have said to those with whom I have spoken in the United States, that I believe we—and I say “we” in the sense of Canadians as a whole—are too often prone to look upon ourselves as poor relations of the United States. We often find it difficult to realize the extent to which we have developed this nation and we continue to remain unconvinced by the impressive array of facts and figures that can be summoned to indicate the extent of our growth.

It seems to me that we Canadians still have an important selling job to do ourselves, not only in relation to the United States but in our many markets abroad. We have to make our people realize the advantages of investing still further in Canada. I think we should destroy any illusion to the contrary. I make this point as one who comes from an area that still requires a great deal of capital. We must still continue to encourage this investment at every opportunity and without regard to its nationality.

I say this coupled with one other thought. Quite recently our Minister of Trade and Commerce (Mr. Hees) took what was perhaps the most constructive action taken in many years by any former minister acting in that capacity, that of bringing to this country Canadian trade commissioners from around the world and saying to them through the deputy minister: Gentlemen remember that you are indeed salesmen and not diplomats. We must realize that Canada is in a situation in which we are experiencing a serious degree of competition. I refer to the development of