

The Budget—Mr. A. Smith

would also help create new jobs by increased activity in our shipyards.

Quite recently I read an article in the *Financial Post* of January 21, 1961, indicating that our shipyards might in the near future be awarded contracts for the construction of submarines to be used by the Royal Canadian Navy. Towards the end of that article, the Minister of National Defence (Mr. Harkness) was mentioned as having stated that a study of the matter had been made by the navy especially with a view to finding out whether our shipyards were able to build those submarines.

Well, I hope the minister is now convinced that it is possible. Our shipyards now have all the facilities required as well as the experts and skilled labour to proceed with that kind of work. I am told that they are even able at the present time to build aircraft carriers.

Those are, Mr. Speaker, the remarks I wanted to make on such an important question not only for our shipyards and the workers concerned but also for the nation as a whole.

I have only half a minute left, Mr. Speaker, and to conclude my observations, I shall quote what the President of the United States, Mr. Kennedy, said during his presidential campaign concerning assistance to shipbuilding. He said:

(Text):

If the domestic merchant fleet, so strategic to the nation's economy and to its defence, is to be kept alive—and it must be—government must lend a hand. Steps must be taken to insure fair treatment of domestic shipping vis-à-vis other forms of transportation.

Mr. Arthur Smith (Calgary South): My first remarks are, of course, in all sincerity, an expression of congratulation to the Minister of Finance (Mr. Fleming). I say this in no perfunctory way, but recognizing the responsibility which the hon. gentleman has to carry, and not only in the presentation of this preliminary budget. The Minister of Finance, perhaps more than anyone else, is responsible for both the economic and the financial aspects of state affairs; he is an individual who not only in Canada but throughout the world is recognized as one of the great men in public life and as one belonging to the generation which was privileged to serve with him I shall be proud to sit in this House of Commons with him.

I do not propose to spend very much time on laudatory remarks which might well be [Mr. Bourget.]

repetitious. I can say, though, with reference to the comments of my colleagues on the other side of the house, that since it is obvious this preliminary budget was developed some time ago to provide a stimulus to the economy it is not surprising they were not happy with it because I can recall the words of a commentator, Charles Templeton, a devoted defender of Liberal policy, he stated, that he hoped a depression would take place and that this would mean the return of a Liberal government. This, I suggest, is exactly the attitude taken by the Liberal party.

I intend to be extremely brief and to deal with only two main points, but it would be remiss of me, having expressed my view in support of the budget as a whole, if I did not say something of the concern expressed over one particular aspect of this budget and its impact on an area which affects the constituency which I represent and, indeed, the province from which I come. I would be unrealistic if I attempted to ignore it.

I am sure the minister and the government recognize that I am referring to certain provisions which might suggest a lessening of United States investment, or foreign investment coming into Canada to underwrite capital development, particularly in our extractive industries. I can fully appreciate the intention of the government and, in particular of the Minister of Finance, I can understand the desire that more Canadians should invest in Canadian undertakings and resources. That is a most commendable desire and one with which, I am sure, no one on this side of the house differs. With regard, then, to the impact of certain provisions which may affect borrowing from the United States and investment by United States investors, the eventual effect of the minister's decision, the long term view is, in his expectation, that it will prove of benefit to Canadians when weighed against the short term advantages, perhaps, of obtaining investment from the United States.

If we look at it in this light I think these long term advantages will be very real, but I suggest to the Minister of Finance that this action must be coupled with further incentives for Canadians to invest in the development of these resources, and this can be provided by amending certain of our taxation statutes so that Canadians will indeed be encouraged to invest in Canada. These statutes will be all too familiar to the hon. minister.

I could, of course, be more specific and take as an example the petroleum and natural gas industry with which I am most familiar. I suggest to the minister that when he brings down the main budget a provision should be