

The Budget—Mr. Thompson

The number of ridiculous paradoxes in our economy shows clearly that it is redirection this economy needs rather than reduced speed. We find the construction industry now having to slow down because of manpower shortages in certain areas; yet the growth in the civil service and in other governmental employment areas in Canada goes forward by leaps and bounds. We are urged to buy Canada back from the United States, but the provisions of the Bank Act make it necessary for industry and government as well to turn to the United States for the kind of risk and development capital that is needed in this country. It seems to me that Canadians are more willing to invest in the national debt because the return is higher and more secure than investing in resource development.

I think the assumption made by the hon. member for York South (Mr. Lewis) yesterday, when he cried out against the so-called profiteering and gangsterism in the economic picture of this nation, is completely ill-founded, because what we need today is to encourage private Canadian capital to move into the development of Canadian resources. As evidence of this, Mr. Speaker—and I draw this point specifically to the attention of the Minister of Finance—there is the fact that Canadian borrowing on the United States market during January and February of 1966 was 11 times more than it was during those two months of 1965. Yet we learn from statistics published in the press, I think only the day before yesterday, that savings deposits in Canada amounted to nearly \$10 billion at the end of February and personal savings deposits during last year increased by something like \$800 million.

Therefore, Mr. Speaker, I say that what we need is redirection in a way that will encourage Canadians to invest their savings in the development of our resource wealth. Without this type of encouragement and governmental policy we have to run to the United States to obtain our capital. Those of us who believe there should be a greater degree of economic nationalism in Canada hear many people complaining about the investment of the American dollar in this country, but I do not believe this is a legitimate complaint as long as Canadians refuse to invest their savings in their own country. How can we blame someone else for investing in the resources of Canada if we apparently do not have the courage necessary to do so ourselves?

[Mr. Thompson.]

I believe that exports are necessary to improve our balance of payments situation, but tight money policies and taxation combine to put the Canadian producer in a non-competitive situation. In this connection I wish to refer for a few moments to the oil industry of Canada. I wonder how much concern there is on the part of Canadians with regard to the take-over of this Canadian industry by American companies, an industry which is the third largest in this country at the present time? I do not believe there is too much concern—apparently there is not—because of the reluctance of Canadians to invest in our oil industry. Even those who fear that it may eventually lead to a political take-over are cautious in their assessment of the situation. From a strictly business point of view most of them regard the capital inflow as a blessing and, in the realities of our economic life, had it not been for the willingness of Americans to invest capital in these resources they would not have been developed to the extent we see today.

I think it is an indictment of Canadian governmental policy that we have not been able to induce Canadian people to invest their savings and provide a sufficient amount of capital to develop at least half of our oil industry, and at the same time provide incentives that will encourage them to take over an even greater part of it. Without American capital where would we be in the development of our natural resources? I mention this fact only because I believe that rather than a slow-down policy or a braking of the economy there should be a redirection of the economy so that Canadians would be more willing to invest in our natural resources. Canada has had a great deal of money lying idle in savings accounts all through this development period. Billions of dollars have been lying idle. Unfortunately this has been largely caused, I believe, by the policies of the federal government, and as a result Canadians have been more interested through the years in investing in American development rather than the development of Canada.

At the present time the per capita investment in the United States by Canadians is two and a half times the per capita investment of Americans in Canada. For this reason I believe the Minister of Finance should have directed his energies and policies toward encouraging Canadians to play a greater part in the development of the resources of this country. Today the need is not to slow down production but rather to step up and