

any extreme way. If this line of thought were followed to its logical conclusion, we would end up as a nation specializing in handicrafts.

The former minister says that we should back off development in our resource industries because they are capital intensive. Mr. Speaker, I should like to ask hon. members whether the provinces of British Columbia and Alberta, whose economies are based upon resource development, should be subjected to some kind of limitation in this respect. I should like to ask whether the standards that the people of those provinces have achieved through resource development are in some way considered to run contrary to the national interest.

I would find it difficult to agree that the search for minerals off the coast of the Atlantic provinces and the development of such resources would be contrary to the interest of that part of Canada or to the interest of the country as a whole. Surely discouraging such development is not in the national interest.

Some hon. Members: Hear, hear!

Mr. Stanfield: I think we should recognize, too, that manufacturing is increasingly becoming capital-intensive and that labour-intensive manufacturing operations are finding it more and more difficult to compete with countries which have more labour which costs less than in this country. I suggest that this approach, pushed to any extreme, would be a rather strange way to lead Canada into the technological age. A large proportion of the employment of this country is in the service industries. I suggest that the search for and the development and exploitation of resource industries provides a large market for sophisticated service industries.

I agree that we will see a capital shortage in this country during the 1970s. We have only to look at the requirements for the development of electrical power, the expenditures proposed by the telephone industry and the increasingly capital-intensive nature of our industries generally. There is also the fact that farms are becoming capital-intensive, in addition to the requirements of what we generally refer to in this country as social capital.

There will be a tremendous requirement for capital in this country in the 1970s. I do not think we can allow the inward movement of capital to keep the dollar at a level inappropriate for the development of trade and, therefore, employment. The inward flow of capital that we have seen in recent months is holding up the dollar. It is not due to investment in resources, in manufacturing or in any other kind of industry. Investment in industrial development in 1972 is very little higher than it was in 1971; in fact, it is so disappointing that the Minister of Finance (Mr. Turner) devoted most of his budget to an effort to increase the rate of investment in Canada.

Today we have the rather weird situation of a very high demand for short-term capital which is not associated with any increase in industrial investment. It seems to me that the government has turned the country upside down. This demand for short-term loans is not associated with investment in industry. Our short-term rates are high.

Mr. Speaker, if the Minister of Finance should succeed, what are the government's plans? What shall we do when

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investment is increased to the rate I would like to see it and the rate that I believe the Minister of Finance would like to see it? We shall need large sums of capital to support this investment which the minister is seeking. How does the government propose to cope with that situation and the effect it may have on the dollar?

How do we establish our priorities so that we can limit this inward flow of capital to levels which will not maintain the dollar at a level that is totally inappropriate for a decent level of employment? We will then have the requirements of industry added to those of the government. While the Minister of Energy, Mines and Resources (Mr. Macdonald) has referred to the importance of phasing pipeline development in this country, that is only one aspect of the problem. We recognize that our problem goes far beyond that.

If we are going to talk about economic strategies for development, we have to work out priorities for capital—and not in what I would call the simplistic manner put forward by the hon. member for Duvernay. Despite all its task forces, this government has done no work at all on this program except, perhaps, in consideration of the proposal mentioned by the Minister of Energy, Mines and Resources with regard to phasing pipeline development.

In other words, the government has not only helped create and tolerate contradictions in our economy, but we seem to be moving completely in the dark. Not only is there no indication of an industrial strategy but there is confusion about tax amendments which the government has failed to produce and the commitment of a competition policy which has been deferred until the fall. Nobody knows what is happening in regard to that, and nobody can make any plans about what mergers might be possible to meet our competitive position in the world. This is the kind of confusion that has been created by the government—starting a certain course, giving certain assurances, then backing away and failing to deliver the goods.

One bill that was proposed in the Speech from the Throne and did see the light of day was the foreign takeover legislation. Perhaps this revolutionary and forward-looking piece of legislation is the reason all the other promised pieces of legislation have not materialized. I can imagine the cabinet putting so much time into this one glorious effort that it just could not get around to anything else. I do not want to joke about this, Mr. Speaker. I presume it cannot be easy and it would take years of work and reams of recommendations, including the document prepared by the Minister of National Revenue (Mr. Gray), to distil it into relative insignificance.

• (1550)

This task would, understandably, leave no time for the reconsideration of competition policy, for the preparation of income tax amendments or for the job of preparing an industrial strategy. It would leave no time for fulfilling the promise of an amending bill with respect to tax legislation and it would leave no time, of course, for the other matters that will be discussed by other members during the course of this afternoon's debate. This is all very understandable.

As things now stand, I suppose this session would have to be called "the takeover session" in tribute to the gov-