

REGIONAL ECONOMIC EXPANSION—PARTICIPATION OF  
FEDERAL GOVERNMENT IN CONTROL OF PROPOSED  
ALBERTA PULP MILL

**Mr. John Burton (Regina East):** Mr. Speaker, on December 14 I addressed the following question to the Minister of Regional Economic Expansion (Mr. Marchand):

In view of the large investment by the federal government in the proposed pulp mill in Alberta, is it the intention of the government, either directly or through one of its Crown agencies, to hold any equity capital in this operation, or is there going to be any safeguard of the federal interest through having some members on the board of directors—

This followed a question by the hon. member for Yorkton-Melville (Mr. Nystrom) which reads as follows:

In view of the minister's recent announcement that Proctor and Gamble are to receive an incentive of some \$11,790,000 to construct a pulp mill in Alberta, can the minister indicate whether this is a foreign controlled operation? If so, was consideration given to providing the incentive to a Canadian company or Crown corporation?

The minister answered:

Mr. Speaker, we certainly considered the possibility of an incentive to a Canadian company, which unfortunately was not ready to start operations at this time.

For some time members of this party have urged the government to reconsider its policy of making grants such as it is doing and in the way it is doing to foreign-controlled companies. The answer that the government has given on most occasions is that any such policy would hurt the depressed areas of this country which it is attempting to assist through its regional development incentive program. I suggest that this ignores the conflict that may develop with any sort of meaningful policy that the Department of National Revenue may eventually bring forward with respect to the control of foreign ownership within the Canadian economy.

• (10:10 p.m.)

However, Mr. Speaker, whatever element of validity there may be to the point that the government makes in this regard, I suggest that now there is a new, golden opportunity. Today, at last, a bill concerning the Canada Development Corporation was given first reading in the House. I suggest that this presents a new opportunity to protect the public interest by providing for participation of the Canada Development Corporation in major projects which are being assisted by the Department of Regional Economic Expansion. I suggest that a plan should be worked out whereby grants made by the Department of Regional Expansion for industrial projects should involve an exchange of shares in the company which is receiving public funds to assist it in becoming established.

The question of foreign ownership is a matter of major concern in Canada today. In fact, we are reaching the ultimate: a recent study has shown that in 1968, 94 per cent of the expansion of a group of American-controlled companies in Canada was being financed with Canadian money, with money generated within Canada. Statements have been made since then by authorities pointing out

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that this figure is now higher. This is a problem we must tackle at once.

In addition, Mr. Speaker, I suggest that the manner in which some of the projects are being carried out influences the character of the Canadian economy. We do not, in fact, get the full benefit of some of the developments which are being assisted. For a long time we have talked of Canadians being hewers of wood and drawers of water. It might be said with respect to the production of kraft pulp, which is what is involved in the proposed mill at Grand Prairie, Alberta, that this is only a glorified form of Canadians being hewers of wood. In fact, kraft pulp is a rather inglorious product, albeit an important one in the economic picture.

In this regard, Mr. Speaker, it might be useful to draw the attention of the public to the way in which Proctor and Gamble looks at the future as described in Moody's Investor Service, which is available in the Parliamentary Library. The December 15, 1970, issue describes the Proctor and Gamble expansion as follows:

Proctor and Gamble Co. of Canada, subsidiary, plans to build a bleached kraft pulp mill near Grand Prairie, Alta., costing over \$80,000,000. Mill will expand current pulp-making capacity and help assure a continued adequate supply of bleached kraft pulp for its growing household paper products in U.S.—

In its August 7 issue, Moody's had this to say about Proctor and Gamble:

Subsidiary expansion: Charmin Paper Products Co.—

That is a subsidiary owned by Proctor and Gamble in the United States.

—plans to build a household paper products converting plant at Modesto, California—

I am not aware whether there is a direct relationship between these two plants, but nevertheless I think these two developments, coming so close together within the over-all picture of the development of Proctor and Gamble, illustrate the fact that we are not getting the full benefit out of projects which we are helping to assist in Canada. In addition I would point out that a recent news item stated that Canadian Bechtel Ltd., a subsidiary of Bechtel Corporation of San Francisco, has been selected by Proctor and Gamble as general contractor for the pulp mill at Grand Prairie. Again we have an American concern which gets this major contract.

I am sure the Parliamentary Secretary to the Minister of Regional Economic Expansion (Mr. O'Connell) would be much interested in statements made recently in Regina, Saskatchewan, by Mr. Walter Gordon. Mr. Gordon said as follows, as quoted in the newspaper report:

Governments must be careful in handing out huge industrial incentive grants, and first assure that no Canadian company can handle the development. Mr. Gordon said it makes him uncomfortable to think of a large U.S. soap manufacturer (Proctor and Gamble) receiving \$12 million in government money to build a pulp mill in Alberta.

**Mr. Deputy Speaker:** Order, please.

**Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion):** Mr. Speaker,