

BRITAIN  
Purchases from Britain in February totalled \$58,800,000, substantially higher than the \$40,600,000 recorded in February 1965. About two-thirds of this increase was because of non-recurrent deliveries of defence equipment. Exports to Britain at \$90,400,000 were moderately higher than the \$80,100,000 recorded in February 1965. The export balance for the month declined to \$31,500,000 from \$39,500,000 a year ago. For the first two months, imports from Britain totalled \$103,400,000 and exports \$191,300,000. The export balance at \$88 million was only slightly less than the figure for a year earlier.

#### COMMONWEALTH COUNTRIES

Commodity purchases from other Commonwealth and preferential-rate countries totalled \$22,500,000 in February, an increase of 35 per cent over the figure for February 1965. Exports at \$33 million were up by 5 per cent. For the two months together, imports increased 23 per cent to \$45,800,000 and exports 5 per cent to \$70,800,000. The export balance on commodity trade with these countries was moderately lower in both February and in the first two months.

#### OTHER COUNTRIES

Trade with all other countries taken together also rose substantially both in February and the first two months. Imports in February gained 24 per cent to \$106,700,000, from \$86,100,000 in 1965. February exports rose 34 per cent to \$146,700,000 from \$109,300,000. Total imports for the first two months reached \$217,900,000, a gain of 25 per cent over the \$174,900,000 recorded in 1965, while exports increased 43 per cent to \$334,600,000 from \$233,200,000. The increase in the export balance with these countries was primarily responsible for the total increase in the export balance in both the month and the first two months.

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#### STRENGTHENING CANADA'S INDEPENDENCE

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faith of these firms, until all important economic enterprises in Canada, whether they are private or or public companies, provide to the community at large, a proper disclosure of their financial structure and operating results....

#### CANADIAN-OWNED ENTERPRISES

There is, of course, not only the question of the proper conduct in Canada of subsidiaries of foreign-owned companies. I am even more interested in the retention and the establishment in Canada of Canadian-owned and controlled corporations, corporations which can compete at home and in world markets and which occasionally branch out into foreign markets through their own subsidiaries. If, as I have already pointed out, modern technology makes for bigness and mass markets, Canadians must strive to have their share of head offices. It is desirable too, that

companies who have their major production facilities in Canada should have their head offices in Canada. Unless these views are accepted in the Canadian business community, we shall have to accept the limitations that go with a branch office economy, however much guide-lines or laws may help to "Canadianize" the operations of foreign subsidiaries in this country.

Our tax laws can be used for this purpose. By this I do not mean that foreign-owned enterprises should be taxed more heavily than Canadian-owned enterprises; the purpose is not to penalize or discourage enterprise because it originates outside Canada. For a country like Canada with such a vast stake in non-discriminatory access to capital and to world markets this would be shortsighted. On the other hand, I do not think that it is discriminatory to encourage Canadians to invest in Canadian enterprises and in the forthcoming extensive review of our tax laws, we will be examining whether more can reasonably be done in this direction.

#### CANADA DEVELOPMENT CORPORATION

The Canada Development Corporation, which is on the Parliamentary agenda, offers a vehicle for action in this area. I intend to bring the legislation to establish it before the House as soon as the Parliamentary timetable permits. In the meantime, we are looking closely at the form that this corporation should take. The Canada Development Corporation is primarily intended as a means of mobilizing savings for investment in Canadian enterprise and development. If it is to be fully effective it should be more than just an investment fund which buys outstanding securities. It should be an active agent in the promotion of Canadian development and industrialization under Canadian control and management.

Like my predecessor in office, Mr. Gordon, I visualize the CDC as an independent body acting in the interests of its shareholders, its success being chiefly dependent upon the skill of its management. But I for one do not think that this conception is incompatible in any way with its role as an instrument for the promotion of Canadian economic independence.

The Canada Development Corporation is an attempt to mobilize a large block of Canadian savings for a definite purpose, that is, to enlarge and strengthen the Canadian control of Canadian enterprise. It is not, of course, the only means to this end. I was interested in a proposal put forward recently for a consortium of Canadian pension funds to provide a large purchaser of important blocks of the stock of Canadian companies and a useful continuing stockholder role in corporation management. It is not for me, as Minister of Finance, to pass judgment on this proposal, but it does point to the opportunity which exists for more effective mobilization and utilization of the savings now being generated in this country.

It is important too, that we realize that there are certain key areas of our economy which must be controlled by Canadians. The first, and most obvious example, is that we must ensure that our major