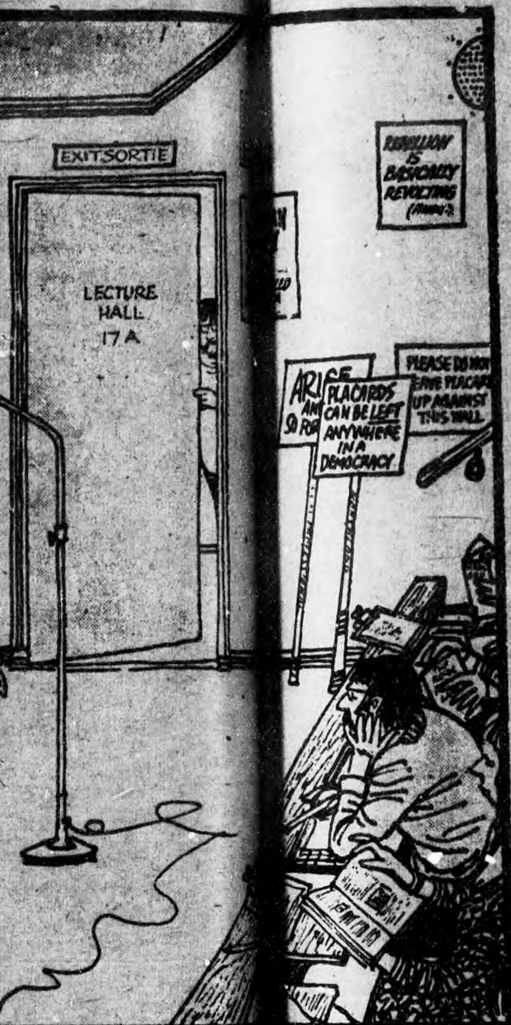
# E GR AY REPORT: AN ANALYSIS




wenny and we'll figure ... l rightly DID happen

to 75,000 words fr... original 200, 000.

The research team ... h compiled the report was headed b... oung Montreal economist, Joel Bell. ... ask force drew upon the knowledge ... rge number of experts employed in ... us branches of the federal civil servi...

The report, two ... in the compiling, has been ca... he most comprehensive study of ... ign ownership and investment ever ... rtaken in this country.

Some of the res... and the conclusions of the rep... an help us to better understand th... re of our own exploitation. Among ... ost significant of the observations m...

*A large amount ... nadian money is being used to finan... e sellout of the country's identity a... sources. There is a slower influx o... erican capital than there has been in ... past but as the report points out, o... 0 per cent of the financing for the ... sion of foreign control between 1961... 967 came from Canadian sources. An... he report says: "...If new direct inv... ent were to be entirely excluded fr... anada, foreign control would conti... to grow in absolute terms, due t... th the internal generation of finances by the firm and their ability to raise external funds in the Canadian capital market."

*As a direct consequence of foreign–again chiefly American–involvement in our economy, the growth of Canadian culture in nearly all respects has been stultified. There can be no real reconciliation between large-scale foreign ownership of our means of production and the development of an identifiable national culture.

As the report says: "...the presence of large volumes of foreign investment concentrated in US hands increases the difficulty of developing a distinctive national culture. This has potentially serious implications since the economic and political strength of a country lies largely in the creation of a cultural, social and political milieu which favours indigenous iniative and innovation.

"There is no way of leaving the 'economic' area to others, so that we can get on with the political, social and cultural concerns in our own way. There is no such compartmentalization in the real world."

The authors of the report also point out that a sort of vicious circle develops; the less national culture a country has, the greater the danger of foreign economic domination. "The lack of a strong identity and a distinctive culture tend to create... a vacuum and a greater receptivity to foreign incluence and investment. The ease of importing our culture from the UK or the US reinforces this tendency by reducing the pressure on Canadians to develop their own cultural distinctiveness."

*The country's reliance on an external technology has retarded the development of national autonomy. The report says: "Some 95 per cent of patents issued in Canada are registered to foreign owners, of which two-thirds are owned by United States residents...

"Another study shows that in a list of 25 countries, Canada is first in percentage of patents which are foreign-owned and last in the percentage of patents owned by nationals of the issuing country."

This indicates that our technology has been moulded to meet the demands of nations other than our own and that if we are to achieve any form of sovereignty we must come to grips with a technology oriented to specific Canadian needs and problems.

*The world's economy is on the verge of being dominated by about 300 multinational enterprises–defined by the report as being "major corporations that spread their activities around the world and treat all countries as their own". Two-thirds of these multinational enterprises are American-controlled.

Some sobering statistics about these corporate monsters whose power rivals that of even the largest nations:

-Eighty per cent of all American direct foreign investment is accounted for by 200 firms.

-Sales of US -owned corporations operating in foreign countries amounts to about $200 billion a year.

-Multinational corporations are responsible for 15 per cent of the Gross National Product–the value of all goods and services produced–in the non-socialist world.

-This percentage will rise to 50 per cent by 1990 at which time sales of multinational enterprises operating throughout the world will be valued at around $2,000 billion.

-In the near future it will not be unusual for these giant companies to have over one million employees.

-The book value of American direct investment abroad has increased from about $7.5 billion in 1929 to $70.8 billion in 1969 and is still expanding.

-The conclusion of the report is that these multinational corporations through their size and the consequent greater integration of national economics, are gaining more power than most national governments. There will have to be some kind of showdown.

The extent of the control of these multinational corporations in Canada is furthered amplified by these figures:

-In 1968 the assets of firms which were 50per cent or more non-resident-owned were $50.7 billion. (It should be remembered that effective control of a corporation can be gained by possession of as little as three per cent of its common stock.)

-As measured by taxable income–usually not the best guage because of the numerous tax loopholes which corporations can find–64 per cent of the manufacturing industry in Canada is foreign-owned. Ontario tops this industrial sellout parade with 70 per cent foreign ownership of manufacturing firms followed by the Prairies with 61 per cent, the Atlantic Provinces with 60 per cent and by BC with 44 per cent.

Foreign ownership in Quebec–considered by the government to be non-Canadian as opposed to non-Quebecois–is somewhat below national levels in all sectors except services and utilities.

-Over 8,500 Canadian firms are foreigned-controlled, at least 7,000 by Americans. This list has been growing in recent years by about 170 companies a year.

There are some important realizations about the shakey chances for Canadian survival contained in the Gray Report. It would appear that the Trudeau government is prepared to make at least token steps to arrest the trend that is marking our destruction. But neither the authors of the report, nor the government, nor the men who hold the real power–the corporate titans–are willing to make any fundamental changes to a economic and social system that operates only for the rich.

It lookslike we'll have to be content as colonials for some time to come.

PERCENTAGE OF NON-RESIDENT OWNERSHIP AS MEASURED BY

| MANUFACTURING INDUSTRY | ASSETS | SALES | PROFITS | TAXABLE INCOME |
|---|---|---|---|---|
| Food and beverages | 31.3 | 27.1 | 29.4 | 30.9 |
| Tobacco | 84.5 | 80.1 | 82.7 | 83.1 |
| Rubber products | 93.1 | 91.5 | 90.1 | 88.4 |
| Leather products | 22.0 | 21.4 | 25.2 | 27.3 |
| Textiles and clothing | 39.2 | 28.5 | 54.9 | 54.6 |
| Wood | 30.8 | 22.2 | 23.8 | 23.0 |
| Furniture | 18.8 | 15.5 | 20.4 | 23.2 |
| Printing, publishing and allied | 21.0 | 13.2 | 22.0 | 22.7 |
| Paper and allied | 38.9 | 40.7 | 39.8 | 39.0 |
| Primary metals | 55.2 | 51.1 | 62.4 | 64.4 |
| Metal fabricating | 46.7 | 45.0 | 64.7 | 62.6 |
| Machinery | 72.2 | 72.7 | 78.1 | 87.2 |
| Transport equipment | 87.0 | 90.6 | 89.8 | 88.7 |
| Electrical products | 64.0 | 62.7 | 78.0 | 88.1 |
| Non-metallic mineral products | 51.6 | 42.3 | 47.2 | 52.9 |
| Petroleum and coal products | 99.7 | 99.6 | 99.7 | 99.4 |
| Chemicals and chemical products | 81.3 | 81.1 | 88.9 | 89.1 |
| Miscellaneous manufacturing | 53.9 | 51.2 | 72.1 | 72.6 |
| Total – All Manufacturing | 58.1 | 55.0 | 63.4 | 62.4 |