

Income Tax Act

While he was saying that, the Minister of Finance was plastering a 30 per cent sales tax on securities. The Secretary of State for External Affairs—I have a great affection for him; he is a dilettante with language; he can make you believe anything when he gets up with his smile—went on to say:

We want to provide for effective and harmonious participation for foreign investment in Canada.

No wonder Bruce Hutchison says the division between the practical and the academic is rapidly disappearing by the removal of the academic from power within the cabinet.

Then there is the Minister of Trade and Commerce, who had this to say in Chicago on June 20. He is reported as follows:

Mr. Sharp said last week's Canadian federal budget dealing with foreign investment in Canada set guide lines for United States investors in Canadian enterprises and proposed legislation to permit closer partnership.

I do not intend to quote what every financial paper in Canada and the United States has said, that this drives out investment. What has been the result of their actions? What is their idea of Canadian-United States relations? The Prime Minister gave his definition when he spoke at the Iron bridge as reported in the *Kingston Whig-Standard* on August 20:

As free people in what is left of the free world we are all fortunate in having as our neighbour a great democracy. It has to lead us.

On one hand one of them says "Let us restore to Canada the right to determine her economic future" and on the other the Prime Minister says "We want to run our own affairs but we shall have to let them lead us".

Mr. Nielsen: By the nose.

Mr. Diefenbaker: Then there was the budget. Do you remember how it came in? Everybody was agape. The four year plan we had heard so much about was opened. Somebody once said in this house—his classical information was not very correct—that the Minister of Finance opened Pandora's box and out stepped the Trojan horse. That was used many years ago, that particular phrase, but certainly when the treasury box was opened on the day of the hon. gentleman's budget, out stepped a Trojan horse, the Trojan horse which was going to control United States investment from within.

What a record it has been. President Kennedy decided to impose a tax of up to 15 per cent on Canadian stock issues floated in the United States. He did so. Then what happened? There was another pilgrimage to Washington. Down they went for what the Prime Minister described as diplomatic discussions. They said "You can't do that to us".

[Mr. Diefenbaker.]

Then hon. members will recall all that was said about the car parts. For three long years we heard about the hundreds of millions of dollars which these car parts would produce for Canada if manufactured here. They said "We are going down there to tell the secretary of commerce and the administration in Washington exactly where we stand". Three or four ministers went down. Then they came back and said the United States did not understand them. Then the United States congress killed a United States defence order for the Canadian Caribou transport plane. "Buy Canada back" is what the Minister of Finance says. The *Financial Times* in an article on August 19 said this:

Ironically, what Mr. Gordon had to change was the Liberal economic policy of the "boom decade" of 1945-1955. This resulted not only in an almost complete surrender to the need for foreign capital which permitted it to enter Canada on its own terms, but in an indifferent commercial policy which failed to prevent foreign imports from seizing sizeable portions of the domestic market.

From 1945 to 1955 they gave Canada away, and now one of their ministers is talking about buying it back. Do I overstate the case? I have to leave in a few minutes, so I will have to give my speech in serial form, as the budget was introduced. We have been getting it by sections. First they produce a bit and then there is criticism. Then they withdraw; then they substitute.

Somebody will say that I overstate the case. I am going to call the best possible witness. I wish to refer to the Canadian-American committee, an organization with quite a few Liberals in it and the odd Conservative. I look at the list of names of the members and I am going to take the first one. I know that hon. members will want to look at some of the others. The first one is Robert M. Fowler, president of the Canadian pulp and paper association and one of the proud bastions of Liberalism. We were always wrong when we were in office. We were anti-American. There is quite a collection of names here. This is interesting. One of the members is Donald Gordon, chairman and president of the Canadian National Railways. He joined in the work of this committee.

I might as well give some of the other names: Harold S. Foley of Vancouver; Mr. Heffelfinger of Minnesota; Vernon Johnson of Montreal; David Kirk of the Canadian Federation of Agriculture, Ottawa; W. S. Kirkpatrick—there are some Conservatives here—of the Consolidated Mining and Smelting Company; Herbert Lank; M. W. MacKenzie, chairman of the board of the Canadian Chemical Company and always a devoted friend of the government of today; Norman MacKenzie of Vancouver; Jean