

we should like to see provision made by the external owners themselves for a wider degree of Canadian participation in such industries. At the present time external investors, operating usually through subsidiaries, have a controlling interest of about 50 per cent of all Canadian manufacturing industry. In some branches of our manufacturing industries the percentage of external control is much higher than this, as is the case in industries like oil, natural gas, mining and smelting. I think that in altogether too many cases some externally-owned manufacturing and resource industries have not taken full advantage of their opportunities to increase the proportion of Canadian ownership and management. Nor have they pondered deeply enough on the desirability of engaging in more research work in Canada, or of permitting the Canadian company to seek export markets, instead of leaving the responsibility for such matters to the parent company. I know that most subsidiaries enjoy great advantages from their association with the parent company, without any cost to them. They share in the result of the research conducted by the parent company. But many subsidiary companies have found it desirable and profitable to strengthen the research function of the Canadian subsidiary, or to give it freedom to engage in competition for foreign markets, including the freedom to compete with the parent company. I should like to see more of this kind of corporate liberty.

However, these deficiencies must be weighed in the balance against the great benefits which foreign investment has brought to Canada. By and large, they are matters which should be corrected by methods of persuasion and good sense rather than by direct government intervention. It is recognized that for Canada to think in terms of any narrow economic nationalism would mean running against the worldwide trend towards international interdependence, and counter to the policies of greater freedom of trade payments which we have supported so strongly in every international forum. More important still, it would be damaging to our own best interests. American investment in Canada constitutes a bridge between our two countries and I am sure that all of us wish to keep the structure of the bridge sound and strong.

Increased Markets for Canadian Oil

There is another area where we would like to see a strengthening of the bridges that join our two countries. Earlier in my remarks I referred to the large amount of foreign capital invested in the Canadian oil industry and the important contribution which this capital, accompanied by technical know-how and market connections, has made to its establishment and growth. Oil production on a significant scale is a comparatively recent phenomenon in Canada. Following upon the spectacular discoveries of oil in Western Canada a little more than a decade ago, many billions of dollars have been invested in oil exploration and development, in producing wells,