

Interim Supply

restrictive in their application. We find ourselves in the position where, in so far as extractive industry is concerned, they are restrictive as compared with the United States, the United Kingdom and the legislation of the republic of France. At the rate we are going, unless action is taken in this regard we shall find ourselves very soon in a position where Canada's heritage of vast natural resources will become the reserve of another country.

Do not tell me that Canadians will not invest. What about the recent opportunity that was offered in the province of Alberta for investment in a local pipe-line proposition? Ninety thousand people in Alberta applied for the opportunity to invest. What about the degree to which interest was recently shown in the issue of Trans-Canada pipe line stock? Well, Canadians applied but did they get it? They got merely a very token share, because a large portion of the stock was made available to three United States companies under the option agreements which were in effect and which parliament did not see because the matter was not submitted to a committee of parliament.

In the last two days we have had the example of pulp and newsprint. We find very strong criticism being made in one of the congressional committees against Canadian pulp producers for having raised the price of newsprint by \$4 a ton, which is a very small increase when compared with the percentage of increase on the part of industries producing steel and the like. Canadians are singled out for criticism. Their actions are condemned because Canadian industry endeavoured to protect its own integrity and to assure jobs in Canada for Canadians. We find that this committee of the United States Senate bitterly condemned what they called skyrocketing of prices by Canadians, and even suggested that the time would come when some alternative markets would be secured, thereby depriving Canada of markets in this regard.

That is the way Americans speak. As we have lost our markets throughout the world because of the give-away policies of the United States the Canadian government has protested in a voice that could not be heard. On the other hand we in Canada, with our vast forest resources, are being told by this committee that unless we act as they desire us to act alternatives will have to be found. Several of these companies are American-owned, and the increases that took place applied as well to companies in the United States. I think Canadians as a whole will not view with pleasure the condemnation by such a committee of Canada's economic right

[Mr. Diefenbaker.]

and the right of Canadian industry to act as it pleases to provide for the benefit of that industry and of Canada.

Sir, yesterday, in the city of Montreal Mr. P. M. Fox, president of the St. Lawrence Corporation, referred to this criticism as doing great harm to Canadian-United States relations. I say it goes further than that; it indicates the degree to which we in Canada are more and more becoming subordinate in our extractive industries and in pulp production and the like to the demands and the whims of another country.

When we have pointed this out—and the former leader of the opposition dealt with this on a number of occasions—our criticisms were ridiculed. It was stated that there was no basis for them. I believe, sir, at this session action should have been taken to revamp the tax structure of our country, to overhaul it with a view to providing encouragement for the promotion of primary and secondary industries in this country.

We do not expect Canadian investors to enjoy special advantages over foreign investment, but we have the right to ask that Canadians be enabled to compete in extractive industry and in the development of our hidden resources on equal terms with foreign companies and corporations. We believe that promoters and investors in extractive enterprise and in risk enterprises in this country should have precisely the same advantageous treatment in regard to taxation that exists in the United States. To provide that will permit of a very considerable investment volume in our country being made available to Canadians. It will encourage the development of our hidden resources, and that encouragement will enable Canadians, out of the taxation that comes from the profits of successful enterprise and other taxation, to provide a social security program in keeping with modern concepts.

I said a moment ago that Mr. Drew dealt with this matter over and over again. He was ridiculed for the stand he took, but the events of the last few days have underlined once more the foresightedness and prevision he displayed in that regard. Finally, however, the Canadian government decided last fall to warn United States investment in Canada of the necessity of being for the benefit of Canadians first. The views expressed by the opposition were emphasized and re-emphasized in the Gordon report.

I have before me the *Atlantic Monthly* of March, 1957, which contains an article written by a Canadian, James H. Gray, who was editor of the *Farm and Ranch Review* and is today the editor and publisher of the *Western Oil Examiner* of Calgary.