

domestic competitors as they do elsewhere. That fact should give us serious concern.

Why do we inhibit foreigners who operate in Canada? I suggest to you that we have in Canada today poor, if any, industrial policy. Our high tariffs inhibit foreigners who operate here. We have a poor policy on competition, an uncertain patchwork of tax policies and we provide only the most meagre of research facilities. Added to these disadvantages, competition amongst the various areas of Canada for resource development funds from abroad results in poor bargains for Canadians by and large, and inefficiency and loss in our tax revenue.

I will now pass to what I consider to be the final myth in this debate over economic nationalism. It is the current Canadian assumption that Canadian-owned companies in Canada will serve the public interest better than United States-controlled companies here. The fact and the truth is that neither Canadian nor U.S. companies serve the public interest. Let us be honest—they both serve their best private interests, which is only right and proper.

I would like to suggest that we have much more power over foreign investment in Canada right now than we credit ourselves with. We can make the rules under which it must operate; we have the power to tax. These companies operating in Canada are, in fact, vulnerable to us, not vice versa. I often ask myself: what hypocrisy do we exhibit as Canadians when we endorse the integration of a major industry with that of the United States, as we have done with the automobile pact, while on the other hand we provide every incentive or preventive to curb the integration of other industries including the publishing industry? I know, of course, that my honourable friends will say one lies in the realm of culture and the other lies in the realm of industry. I think we need to do a lot of thinking about where and how we mark distinctions between these various areas.

Of course, the criticism of foreign ownership in Canada does have a very legitimate basis when it questions the extraterritorial effect sometimes imposed through these entities. I feel this criticism in this area is legitimate. We all recall particular incidents such as the prohibition on the sale of trucks to communist countries such as China and Cuba, and we recall the extraterritorial effect of certain United States anti-trust decisions. If these are, in fact, infringements of our sovereignty, we should also be very concerned with the very real extraterritorial effect of the United Kingdom law on United Kingdom subsidiaries operating in Canada, which country in fact requires the repatriation of earnings from hard currency countries such as Canada. However, we never hear about this extraterritorial effect. We should also be concerned with the very real extraterritorial effect of French law on French subsidiaries operating in Canada, which is far greater than the impact of the United States in this field. However, because proportionately the United Kingdom and French interests in Canada are so much

relatively smaller than those of the United States, we hear little or nothing of these effects.

I think also we should remind ourselves that this effect is not the result of business investment policies but is rather the result of a clash of national policies. We should remind ourselves that before the United States entered the last war we in Canada, through subsidiaries of ours operating in the United States, produced a very real extraterritorial effect then and curbed the sale of war materials from the United States to Germany. I merely mention this to demonstrate that this phenomenon is solely the result of a clash of national policies, it has nothing to do with business investment. Solutions must be worked out on a national basis between the respective governments of the countries concerned, not through the imposition of some economic ideology on the business community.

Honourable senators, I would like to ask you who are the beneficiaries in Canada of foreign investment? I am going to suggest to you that the beneficiaries are the labourers who gain employment, they are the labourers who gain higher wages, they are the tax collectors who find a new source of taxes, they are the consumers who find new goods, hopefully of better quality and at better prices. On the other hand, who are the losers from the introduction of foreign investment? I suggest that the losers are the domestic owners of competing businesses. It is the vested interests of capitalists who lose, and particularly those in Ontario. Accordingly, embargo on the importation of foreign business has historically been a plank of the Conservative party, and those policies have stood to gain for Ontario, but they lose, and lose severely, for the capital-short provinces east and west of Ontario. The NDP waffle group has still to face up to this dilemma.

Recently the Committee on Industrial Affairs and National Defence of the other place made a recommendation that 51 per cent of all Canadian industries should be owned by Canadians. This is an expression of what I would call the "Buy-back Canada" syndrome. It naively assumes that 51 per cent of any industry is control. It completely overlooks the fact that 49 per cent, or a far lesser percentage, will in fact control a company if the 51 per cent or larger is widely distributed. This would certainly be the case in the event of repurchase of these foreign interests. Diverting capital into such repurchase would, in my opinion, benefit only those who could afford to buy, and would compete with the need for the new capital that new enterprises require. To accomplish the same result through public action—that is through nationalization—would again consume the capital available for new enterprises. It should also be borne in mind that any industry is more than the sum total of its capital; it is also an aggregate of knowledge, experience and expertise that can be lost in these processes.

In essence, I am going to suggest to you that the economic nationalists today damage the lower income groups, they damage the less developed regions of our