

only asked the questions from the major study that deal directly with Canada. I would also add that only a minority of the foreign elite could see a significant difference between Canadian and American values or interests, but a substantial majority perceived Canada as an independent actor in the international system. Indeed, the foreign experts appear to rate Canadian independence more highly than do their Canadian counterparts.

Peyton V. Lyon

Hurtig responds...

Sir,

I am sorry that billions bewilder Peyton Lyon. Apparently elementary economics also cause him problems. I will do my best, though, to answer his questions briefly and without resorting to large numbers. However, first I must thank him for conceding that "most of Hurtig's figures are reasonably accurate". The compliment really belongs to the Department of Finance, the U.S. Commerce Department and Statistics Canada, from which all of my figures are derived.

Contrary to what Professor Lyon would have us believe, foreign ownership and foreign control of the Canadian economy have been growing at record rates during the past few years. Nineteen seventy-five and 1976 both break all previous records. For years now, *imported* new foreign direct investment has been relatively small. *But* foreign direct investment through funds generated *in Canada* has been massive. Even these amounts are badly understated when measuring foreign *control* rather than foreign ownership or imported foreign investment. CALURA (the Corporations' and Labour Unions' Return Act) regards foreign-controlled corporations as being owned 50 percent or more by non-residents. The U.S. Department of Commerce uses 25 per cent for its figures and has recently begun gathering data based on 10 percent foreign ownership. Hence CALURA's annual report of the enormous increases in foreign ownership and control, ominous as they may be, are in fact badly understated.

For some reason Lyon ignores "service charges" in his third paragraph. This makes his percentages meaningless. Much more than interest payments, and more than dividends, what hurts is the monkey-business "service charges" and costly parent-subsidiary transfer-pricing. These costs to Canada have been going uphill like a historical graph of the world population, and "Canada's capacity to pay" them is in grave jeopardy. Sadly, the balance-of-payments crisis we now face as a result will mean higher unemployment, higher taxes, higher interest charges than necessary, and a reduced standard of living for Canadians.

As to the Economic Council of Canada, I thank Lyon for suggesting I read *Looking Outward*, which my friend Bruce Wilkinson, Chairman of the Department of Economics at the University of Alberta, describes, in his characteristic temperate manner, as "full of holes". I have, in fact, myself studied the document and know full well why the Peyton Lyons of Canada would find it attractive. Most continentalists would.

There is indeed a new "maturing confidence" in the people of Canada that we can begin to do things better with less foreign ownership and control. I find this in every province and every region of Canada. It is reflected consistently in national public-opinion polls (71 per cent against more foreign ownership), by an *increasing* margin every year. There is, though, a great lack of confidence in the kind of debilitating lying-on-the-back policies so long in force and so attractive to the likes of Professor Lyon.

He asks for my own "recipe" to correct our problems. I would be happy to oblige but that would require more than the few paragraphs the editor has now invited. For readers who might be interested I should be happy to send copies of a forthcoming article about the kind of commonsense policies employed by most other countries to protect their national integrity and maximize their productivity and welfare. My address is 10560 - 105 St., Edmonton, Alberta.

Mel Hurtig