

that target is reached all foreign operation must be controlled by national agencies.

One of our problems is that investments taking place in Canada are largely being financed by multinational corporations over which governments have no control. We in Canada have had a difficult time in establishing some kind of control and, indeed, some kind of identity. There is little wonder that we are faced with the situation as it is today. This is a vast country with greatly varying regional differences. We have within our nation many distinct people, cultures and traditions. In our graceful growth from a child of the great British Empire, we have unintentionally become a handmaiden to multinational cartels.

The question facing us today is not necessarily to be posed in a positive manner, but perhaps in a very negative way. Do we, as a nation, still have enough independence to control the economic destiny of Canada? To answer such a question, we must look at several factors: the amount of our economy already owned by foreign investors, particularly those in the United States; what will be the needs of the United States in the future and, recognizing a crisis, will we as a nation be able to respond to that crisis and how will we respond?

Let us look, first of all, at how much of Canada we actually own and how much is owned by foreign interests. In 1948, about 42 per cent of all Canadian manufacturing was owned by non-residents. By 1968, that figure had increased to 58.1 per cent. More than three-quarters of that foreign control is held in the United States, and that proportion is increasing every year. Not coincidentally, the richest and fastest growing sectors of the Canadian economy are controlled by foreign investment, and again in most cases three quarters of that control rests in the hands of our neighbour to the south.

For instance, we own 94 per cent of agriculture, but 99 per cent of our booming petroleum and petroleum products industry is foreign controlled. Primary metals are 55 per cent foreign owned; mining is 67 per cent foreign owned; machinery 72 per cent, chemical products 82 per cent and the list goes on. Here in Canada foreign investment controls 58 per cent of our wholesale trade, 69 per cent of our retail trade, 57 per cent of our credit agencies, 60 per cent of our paper and allied industries, 81 per cent of our public utilities and 71 per cent of our investment companies. In those areas affecting our cultural life the figures are equally ominous, with 95 per cent of our book publishing being taken from Canadian control and 86 per cent of our national pastime, that is NHL hockey, no longer Canadian owned.

In 1968, non-resident corporations accounted for only 3 per cent of all Canadian firms in terms of numbers, but they controlled 27 per cent of all assets, made 35 per cent of all sales and cleared 41 per cent of all profits. I suggest this is because foreign ownership has a stranglehold on our most profitable and potential companies.

Ironically, we are in an extensive way financing our own takeover. As Professor Kari Levitt of McGill University in her book "Silent Surrender" pointed out:

The acquisition of control by U.S. companies over the commodity-producing sectors of the Canadian economy has largely been financed from corporate savings derived from the sale of Canadian resources, extracted and processed by Canadian labour, or from

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the sale of products of branch-plant manufacturing businesses to Canadian consumers at tariff protected prices.

In other words, it is not United States money that is being used to expand our economy, it is Canadian money manipulated by the United States. I should like to give an explicit example of such manipulation, and this is by no means an isolated example. It is an example that is revealing of the kind of attitude and action which must be stopped if we are to ever regain our independence.

My story is about a fellow named John Shaheen who is a New York financier. He intended to operate in the eastern part of Canada, in the have-not area. Shaheen, a capitalist in the true sense of the word, developed certain friendships with others of his class, while in the process of building his own personal financial empire. One of those friends was the ex-premier of Newfoundland, Joey Smallwood. Smallwood approached Shaheen with a project to build a huge refinery and later a petrochemical complex at a little town in Newfoundland called Come-By-Chance. The refinery would cost at least \$155 million to build, and \$30 million of that was borrowed by the province of Newfoundland to lend to Shaheen. The other \$125 million was to be put up by a group of British banks and secured by a first mortgage on the property. Shaheen, in the meantime, would put up \$10 million and about \$3 million in development costs. The federal government is to provide a wharf at a minimum cost of \$16 million, to be paid for out of usage fees. Therefore, the province of Newfoundland, hardly a rich province to begin with, has put up more than double the expenditure of Shaheen. But will the refinery be owned by Newfoundland? No indeed. It will be built, managed and owned by a series of Crown corporations, which are in turn run by the Newfoundland Refining Company which is a wholly owned subsidiary of Shaheen Natural Resources.

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After all the financial manipulations, Shaheen Natural Resources will have the option to purchase the Crown corporation that owns the refinery for a nominal fee of \$1,800. Then, it must pay the province 5 per cent of the net profits until the original \$10 million has been paid, after which the refinery will belong outright to the New York company. What is the risk? If the project fails, Shaheen will simply not exercise his option to purchase; if it succeeds, he will own, for a mere original investment of \$30 million, a complex worth \$155 million, paid for out of its own operating profits and made possible by the aid of our Canadian federal and provincial governments. The federal government would also allow the company to write off 100 per cent of the refinery costs as depreciation any time during the first eight years, or in effect would give them a five or six year tax holiday. That is the kind of socialism to which I am opposed. It is socialism for the elite, and free enterprise would be preferable for the workers.

I have said that such situations are not isolated, and indeed they are not. Who then is at fault? Should we blame John Shaheen, a publicly avowed American money-maker for taking advantage of our gullibility, or should we lay the blame squarely on the shoulders of many of our politicians who, though never campaigning on the issue of Canadian ownership and protection, quietly and behind the scenes not only go along with the sell-out but in fact