

Foreign Control of Canadian Industries

capital flow have occurred. Is it possible that uncertainties in the political climate or that fears of nationalization can suddenly reduce the volume of investment in Canada? Supposing we do accept the suggestion that Canada borrow more from Europe in the future. Would this alleviate the second vulnerability, namely the uncertainty of not having money when we need it, or the internal dislocations that interruptions bring?

The third vulnerability, that of inadequate control over our economy, is probably the most frequently discussed point with in regard to United States investment. Several factors need to be considered. One is the belief that a larger representation of Canadians on boards of management would better safeguard Canada's public interest. The question that follows from this is whether Canadian or U.S. executives are actually any different from each other in accepting responsibility in relation to their nation's needs. Another thing to consider is this. What is the character of United States business operations in Canada. Just how does United States business consider this market? Does United States business really want to indulge in foreign investment, per se, or is this only an instrument by which it can reach other goals, such as having a dependable source of raw materials, guaranteed markets and so on?

• (9:10 p.m.)

The final point I wish to make is that we import inefficient subsidiary plants which operate in certain lines of manufacturing, not because we have to acquire foreign capital to offset our trade deficits, but because our entire tariff structure tends to create an environment that will attract such firms. As one economist pointed out the reason these industries do not operate to the best advantage of Canada is not because Canadians do not hold a large enough share in their capital or because there are not enough Canadian executives on their boards of management, but because Canadian tariffs protect inefficiency.

Economically there is no argument against having foreign investment in Canadian industries when foreign owned companies are absolutely subject in their behaviour to Canadian law. From the psychological viewpoint there have been profound objections and politicians, being more concerned with psychology than with economics, have put forward their case which has appeared on occasion to prevail over sound economics.

Probably the greatest value of the Watkins Report is that it has analyzed the foreign

ownership situation in Canada dispassionately, removing discussion of the subject from an area that is highly charged and emotional to an area in which we can approach it with sheer logic. There is a good deal in this report that commends itself to many Canadians.

The fact remains that the right kind of foreign money is desperately needed in Canada for the right purposes. It forms part of our social capital, goes toward equity investment as well as towards the development of our resource and industrial capacity. As I said in my budget speech last fall, and I think I can repeat this again with the full confidence of knowing that nothing has changed, so long as Canadians find it desirable to develop resources and productive capacity at a rate faster than Canada's own savings permit—and this has been the situation and is likely to be the situation for the foreseeable future—Canada must maintain fiscal policies calculated to attract foreign investment. If we are to reduce the need for foreign capital in the foreseeable future while still providing a standard of living acceptable to Canadians, we must maintain fiscal policies calculated to encourage the formation of investment capital within Canada.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I had not expected to be called on to take part in this debate since I was low man on the totem pole, in the list of speakers. If you think my remarks sound ill-prepared you will be quite correct. May I first say that it is not only the members of this group who are happy to see allotted days. Our new procedure enables the backbenchers of the house, especially those on the Liberal side, to take part in debates. Many of them deserve the opportunity to take part in this debate since they have spent many weeks keeping silent, and their patience needs to be rewarded.

However, I am disappointed in the dissertations I have heard from them. There have been some speeches about motherhood but not too much said about Canadian independence and sovereignty, let alone Canada's survival as an independent nation. I agree with my colleague for Timiskaming (Mr. Peters) who said earlier this evening that it is not good enough for the government to hide behind the perennial excuse that constitutional considerations prohibit the government of Canada from acting on housing, or giving leadership in making us economically independent. In my opinion, sir, unless Canada regains its economic independence and sovereignty we will not survive as an

[Mr. Mahoney.]