In the early fifties, at a time when a broad expansion of Canadian industry in all sectors was under way, but, most importantly, in the resource sector, one could begin to point to key Canadian industries in which a relatively few companies controlled by non-residents pretty well dominated the industry. The role of non-resident firms was pre-eminent, for example, in the oil and gas industry. Foreign-controlled firms were dominant also in aluminum, iron ore, asbestos, in most sectors of the chemical industry, and in at least three important secondary manufacturing industries -- automobiles, electrical apparatus and appliances, and rubber products.

Since the early fifties, direct investment from abroad has continued to flow into Canada in significant volume. In certain key sectors of our economy, foreign ownership and control has reached very high proportions. The latest figures available, which are for 1961, indicate that non-residents control almost 70 per cent of the value of investment in petroleum and natural gas, 59 per cent in mining and smelting, and almost 60 per cent in manufacturing. This means not only that the key decisions respecting Canadian industry are made by people who live outside our borders but also that our industrial companies are affected directly by events and conditions that prevail elsewhere. For example, the largest company in Ontario was closed down recently because its parent company in the United States was strikebound....

There are those who say the advantages we gain from these relationships far outweigh the disadvantages. Certainly, foreign investment in the key sectors of the economy I have mentioned has helped the development of our country faster than it might otherwise have happened. It has given us access to technological, scientific and managerial skills that otherwise it would have taken us longer to acquire. And, in the case of some of our great producers of industrial raw materials, it has provided the assurance of markets without which some of the developments would not have been able to proceed.

Nevertheless, no other economically-advanced nation has such a large proportion of its industry controlled from outside its borders. Let us not pretend the advantages I have mentioned have been an unmitigated blessing.

Some of our greatest difficulties in Canada have been caused by the fact that, year after year, we have bought more goods and services abroad than we have sold abroad. The difference is known as the current-account deficit in our balance of payments with other countries. This current-account deficit has been offset by capital inflows -- including both the capital we have borrowed, which we hope to pay off in the future, and the capital invested here in Canadian subsidiary companies and Canadian resources.

This situation -- the incurring of a deficit in our transactions with other countries -- has been going on for years. In good times it hasn't seemed to matter so very much. The capital inflow has helped to develop the country quickly and borrowing for this purpose can properly be justified. It is more questionable, perhaps, when it means transferring to non-residents equity investments and the right to make decisions that affect our lives and interests.