

ship and the common market. We have inherited that position. It started in the early 1930s but it has its roots in the establishment of a great deal of Canadian industry and other business in this manner, particularly in those halcyon days when we had hundreds of millions of dollars annually in deficits on commodity account and hundreds of millions of dollars on non-commodity account.

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The money that was owed abroad was encouraged to remain here, to be invested in Canada. It was loose money available for investment in Canada. And how it was invested! The government of the day boasted about it. Canadians benefited by, shall we say, changing the nature of our economy from basically a resource and agricultural based economy to one of manufacturing and secondary industry. There has been a complete revolution in the Canadian economy since the end of World War II. This was accomplished by the use of much of the foreign money which Canada should have been paying out. But no, we invested it, allowed it to be invested or induced it to be invested here in Canada. So every dollar that was then invested became a dollar of foreign ownership.

If one tabulated all or even a proportion of the commodity account deficit from 1945 through to 1958-59, one would see why the United States was able to invest so much here in Canada. Why is there always United States money around here for takeovers? Our ludicrous, stupid estate taxes and the high level of succession duties—here I do not excuse any provincial or federal administration—have contributed to fire sales of Canadian businesses. The money was there, available to take over businesses. I never saw anything that was so penny wise and pound foolish. It was a case of selling one's birthright for a few measly million dollars of succession duties.

There may be some social justification for the estate and succession duties, but let us see what the consequences are from an economic point of view. We will see who the people are who are around to pick up a business that is about to be sold because it has an estate tax or succession tax problem, or which is about to be sold because someone who was the dominant or principal shareholder in the family business suddenly died and millions of dollars must be found to settle the estate because there is a succession duty problem.

How many businesses have been driven into the arms of foreigners? Each of us who engaged in the practice of law during those years is well aware of this fact, yet for a certain stated social reason this was the price one had to pay for foreign ownership. Of course, the party to my left would drive it all to a low level; there would be no buyers of companies because of the confiscatory levels of taxation, or if there were no restrictions on foreigners they would be around picking them up like kiddies picking up pennies at a penny-throw. That is how long-headed they are. They are very, very shortsighted.

There is another point, however, which must be considered along with the degree of foreign ownership in this country. There are many statistics emanating from Statistics Canada which are bandied about freely in the press and in this House to the extent that it would seem that the whole of our industry is owned by foreigners. But that is

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not the case. In many industries only 75 per cent or 65 per cent of the shares of a company are owned outside the country, and yet this appears as a 100 per cent foreign-owned company.

The Canadian taxpayer has been placed in a position of inferiority vis-à-vis the chief competitor, the United States taxpayer. We know about the principal occupation rule and how the Canadian petroleum industry has suffered as a result of it. When the situation was ripe for individuals to move in, the United States citizen, on an individual basis had the advantage over the Canadian operator principally because of the principal occupation rule. There has been partial relief in this respect, but the minister might give some thought to the fact that the principal occupation rule exists to the extent of 80 per cent: one can write-off only 20 per cent. It is still an albatross around the neck of the Canadian investor.

If we are to do something concrete and positive about the problem of foreign ownership, the Canadian investor must be placed in a position of equality or even priority. I would discriminate in favour of a bona fide Canadian taxpayer when it comes to, say, resource development or whatever formula is adopted among incentives for Canadians to own their businesses. There is no question about buying back: even if we let the *Créditistes* loose for a year we could not print enough money to attempt to buy back Canadian industry. Nor would the New Democrats, with all their Wafflers, try to force people to invest. To invest in what? Would they invest in government bonds? Nothing has been suggested there as a practical solution.

Certainly there can be an improvement in the situation. One classic example is the moving of the headquarters of the Hudson's Bay Company from London to Winnipeg. In a matter of three years this has resulted in an increase of shareholdings by Canadians from 6 per cent to 47 per cent. It is under Canadian management. Canadians have been prepared to buy and now have an opportunity to buy stocks here in Canada.

Why do Canadians not buy stocks in Canada? Why is it Canadians have \$3 per capita more invested in the United States than is invested by United States citizens in Canada? People are shocked by that thought. In fact, per capita Canadians have three times as much money invested in the United States as their American counterparts have invested in Canada. Of course, by reason of the fact that we have only 22 million people, the totality of the Canadian investment in the United States, in that whole big economic machine, is only a small corner. On the other hand, the impact of United States ownership in Canada provides quite an economic crunch and they have that much more leverage. I will tell you where they have more leverage; and this is the point Servan Schriever makes in his book with regard to American ownership in Europe.

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It is not the degree of ownership, but managerial skill that counts. This means a great deal and it is something that has not existed so far in Canada. It is improving, but what is necessary is really competent managerial skill, which can be learned only by experience and by training; it is not something that one develops from the seat of