

nies have here because these are small potatoes. We should go to the head offices and buy them out. Let us take over control of the head offices of these United States corporations. In this way, we can indirectly control the effect they have on our economy. This is not as far out an idea as it may seem. The fact that no one has undertaken this approach does not mean it is impossible. Surely, Americans would not be critical of our taking over their corporations, in view of their record of taking over our corporations. We should use their arguments to justify the taking over of their corporations to our own advantage.

We could persuade them, with the same arguments, that what we are doing is in the national interests of the United States. At the moment, we have about \$4 billion in our foreign exchange fund. That is a very sizable amount. We could use this money to increase our foreign investment in United States companies. We should learn from U.S. experience in Canada, because this is how they have been buying us out. We could very well borrow from United States money markets, as the U.S. has done in Canada. We could be backed up by U.S. capital for this purpose. We could also provide incentives to Canadians to invest in United States holdings. We could make these equities available to corporations such as the Canada Development Corporation. With little difficulty we could make such investment worthwhile to Canadians.

• (4:50 p.m.)

Since we are to have a Canada Development Corporation, we could use it as our investment instrument. I realize this is not what the government had in mind for the CDC. It hopes the CDC will simply be put on the market and quietly disappear from the Canadian conscience as just another corporation. But I believe a much better role could be designed for the CDC. This is one of the roles. Let us look at some of the suggestions or examples Mr. Fullerton gave in his article. The article was written in 1967 when our foreign exchange reserves were about half what they are now. I quote:

Suppose, for example, we had sold \$500 million in gold from our reserves in 1945 and put the money into General Motors Common stock, reinvesting the dividends since. The original stock would now be worth \$3,500 million, but reinvestment of the dividends would have more than doubled this figure.

In fact, we would now own one-third or more of General Motors stock, effective voting control (disregarding the effect our buying might have had on the price of the stock). Or take Chrysler—even as late as 1955 we could have bought control of it with \$200 to \$300 million.

He then makes some suggestions concerning how we would spend \$3 billion or \$4 billion in buying American equities. He is talking about 50 per cent ownership in these corporations. I realize the figures would be somewhat different today because this was three years ago, but in essence I believe the general study is just as valid today and will serve as an indication of what is possible. He says:

So there we have a pot of \$3,000 to \$4,000 million. What stocks do we aim at? To stretch the money farthest we could do well to shoot at secondary companies in each industry, not No. 1.

### *Social Credit Monetary Policy*

Everyone can make his own shopping list and here's a possible one:

|  |       |
|--|-------|
| Automobiles—Chrysler                       | 800   |
| Banks—First National City Bank (who else?) | 800   |
| Computers—Honeywell                        | 500   |
| Electric—Westinghouse                      | 900   |
| Chemicals—Merck                            | 1,200 |

This would give us a 50 per cent control of these companies. Very often we would not require a 50 per cent investment because we could probably obtain control for far less than that. The other day I asked the Minister of Finance (Mr. Benson) whether he was giving any consideration to changing the Canadian law about eligible assets in the exchange fund. At the moment, the exchange fund is very restricted concerning the type of assets which may be held. The minister's reply was that under the law of course he could only hold certain things and would need parliamentary approval to change that situation. I for one, and I believe others in this House, would be quite happy to see the Minister of Finance ask for parliamentary approval to permit him to hold other than United States treasury bills, as he is permitted to do now, in order to obtain greater flexibility. The exchange fund fluctuates from time to time. The question is, what happens if you need more or less money when your funds are invested in common stocks which you cannot liquidate immediately. I think the answer is obvious. Since we are talking about blue chip stocks, surely the banks, which are willing to lend money to foreign corporations in Canada, would not be averse to lending money to the government against the stocks it held in foreign corporations. I think that could be arranged in a way that would not be unsatisfactory.

From the United States point of view, in many ways this procedure would help their balance of payments position. There would be foreign capital coming into the United States at a time when the United States is quite concerned about its balance of payments. The result would be rather good for that country. I do not mind at all helping the United States in this way since it has helped us. I believe the kind of debate in which we are engaged today lends itself to some of these original suggestions. I make them in the hope that the President of the Treasury Board will take a very serious look at them and consider that we do have a rare opportunity, if he wishes to use his imagination, to make a rather unique attack on foreign ownership, not only in Canada but in United States as well.

[Translation]

**Hon. Théogène Ricard (Saint-Hyacinthe):** Mr. Speaker, the motion proposed by my hon. friend from Bellechasse (Mr. Lambert) gives me the opportunity to criticize the economic policy of the Liberal administration.

I am glad to use the few minutes at my disposal to criticize the present government's lack of a definite policy which is responsible for the stagnation we encounter at present.

Mr. Speaker, in a study entitled "Performance and Potential mid-1950's to mid-1970's", the Economic Council