

Finance

have adopted. I am sure the first step is to decide what are the key sectors of our economic and social structures, the ownership and control of which are of critical significance to our national development.

I suggest there should be an inquiry in respect of the industries affected. I believe they ought to have an opportunity to be heard. Perhaps a committee of this house should hear representations and examine the effectiveness of the present legislation, regulations, guidelines or policy as applied in the various sectors. Then hopefully the government could announce a rational policy relating to ownership and control in the country generally. After examination and public discussion of some document presented by the government the house might consider any necessary legislation.

I believe it is only in this way that we are likely to develop a sensible approach and a sensible set of policies relating to economic and cultural sovereignty, if we are to think in these terms. This is the kind of action which would produce policies that would carry general support in the country, and the kind of action which would be meaningful if one really wants public participation in our political system.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, it would be an understatement for me to say that this announcement by the minister is extremely disappointing. Many members and many other people in Canada have been disturbed by the revelations of the Watkins report which show the increasing takeover of the Canadian economy, but at least those financial institutions have not been interfered with adversely by reason of the steps taken by the previous minister of finance to stop the takeover of the Mercantile Bank by Citibank of New York. We at least thought that the financial institutions were free from foreign interference.

When the Royal Securities Corporation was taken over by Merrill, Lynch and Associates the minister expressed some concern, as did the Prime Minister (Mr. Trudeau). Ever since that time the minister has been promising to make a statement. I understand a statement was sent to the offices of the leaders of the various parties on Friday but was recalled. I do not know whether the minister intended to make a more forthright statement and got cold feet, but what we have now is a non-statement. It states first that the government is going to do nothing at all about the takeover of the Royal Securities Corporation and,

[Mr. Stanfield.]

secondly, that it is not even going to discontinue allowing them access to the credit arrangements of the Bank of Canada. They enjoyed this privilege along with 14 other investment houses, and now are to have this access to the facilities of the Bank of Canada.

It seems to me appalling that the Minister of Finance (Mr. Benson) intends to take no action at all. The second and more serious statement in this matter is that the minister at the present time does not propose to take any action to prevent further takeovers, other than to watch with interest the investigation being conducted by the Investment Dealers Association. He says of course that his department will pursue actively their own review of the situation as it affects the national interest.

Surely at some point these studies should result in some action by the government. We had a long investigation by the Watkins Commission. We have had the report of the Watkins Commission, but no action has been forthcoming. Now we have the beginning of a takeover of the Canadian financial institutions, and the best the Minister of Finance can offer us is that the investment dealers, who have an axe to grind that is distinctly different from the national interest of this country, are to make an investigation. Meantime we are to wait until we hear the result of their investigation, before we will know what the minister intends to do. The Canadian parliament must recognize how important this matter is. First of all foreign control of our financial institutions will hinder our capacity to promote economic growth.

We speak a great deal about lacking funds in Canada, but the fact is that in mutual funds alone, from December 31, 1962 to December 31, 1967 United States and foreign assets increased from \$144.1 million to \$1,008,200,000 an increase of 600 per cent in their holdings of foreign assets, mostly United States. In the same period of time their domestic assets increased by only 83 per cent.

It is increasingly apparent that there are investment houses in Canada which would like to get access to the United States market but find it difficult to do so, and are now prepared either to sell out or merge with United States financial houses in order to get access to that market and to funnel Canadian savings into that market to purchase United States equities. How can we talk about the need for economic growth when we are allowing Canadian funds to pour out of this country?