

citizen has left to spend, out of each \$100 earned and after taxation, \$27 more per annum than has his Canadian counterpart.

There is another thing of which we could remind ourselves, and that is of all the western developed countries we are probably the least attractive to foreign investment, except in the exploitation of natural resources. Let me illustrate what I mean, again using 1968 figures. Of manufacturing firms in Canada with assets over \$5 million, less than 25 in number made more than 8 per cent on their investment, and only three made a rate of return of over 12 per cent.

I would also remind honourable senators that between the years 1958 and 1967 we had one of the lowest rates of increase in gross national product in the western world. In Canada the average increase per annum was 4.7 per cent whereas in Japan the average increase per annum was 10.7 per cent; in Italy, 5.6 per cent; in France, 5.1 per cent, and in Denmark and the Netherlands, 5.0 per cent. As I said, during that period our average annual increase in GNP was 4.7 per cent. It is interesting to note that only the United States was lower than we were—just barely lower—with an average annual increase of 4.6 per cent.

It is, of course, wise to put this in perspective and to realize that the United States' annual increase in its gross national product is equivalent to 30 per cent of our total gross national product.

I might well be asked what these gloomy facts have to do with our relations with our neighbour to the south. I have mentioned them because I would hope that as a result of their mention we might experience a due sense of modesty before reappraisal.

We have set out in Canada today upon a crusade of economic nationalism; we have become involved once again in a preoccupation with the so-called evils of foreign business investment. Since United States investment forms such a large percentage of our total foreign investment, it follows that our concern with foreign investment becomes a concern largely with United States investment. I should say that this phenomenon is not a new one in our country; we have had a very long history of preoccupation with it.

An American, probably to his country's everlasting regret, made a statement during the days of the United States Civil War which provided us with a peg upon which to hang our hat of fear. I am referring, of course, to John O'Sullivan's famous statement:

Our manifest destiny is to overspread the continent allotted by Providence for the free development of our yearly multiplying millions.

The ghosts of the War of 1812 stalked again and we are hearing nothing new today.

I suggest, honourable senators, that philosophically these attitudes based predominantly on fear have historically found expression in the Conservative Party. I am reminded of a story told by my father-in-law some years ago. As a young man he attended an election rally in a rural riding just north of Toronto where the local

Conservative candidate had just been selected to contest the riding. The man was of somewhat inarticulate bent, and during the hush following his acclamation, he walked to the front of the platform with his hands behind his back, stood in front of his audience, pulled out two small Union Jacks and violently waved them. With that the audience burst into cheers, and he had assured himself of a victory during that election of 1911, and in which the day was carried under the banner of "No truck or trade with the Yankees".

However, now we are enjoying one rather unique political experience as we find at the same time this basically Conservative party philosophy being expressed in many other quarters, and most notably by the Left Wing element of the national New Democratic Party known as the Waffle Group. How to reconcile this ironic twist, we shall have to leave to the historians. We also find the same approach being espoused by a group, prominent among whose members is a former Liberal Cabinet minister.

Honourable senators, with this as background I should like to deal very briefly with some of the myths associated with our fear of foreign investment and promoted by our economic nationalists. The foremost myth being heard today is that Canada has an unduly high proportion of foreign ownership, that this proportion of foreign ownership is growing as a percentage of total ownership, and that we are faced with one takeover after another, particularly by United States interests.

It is interesting to note that during the years 1926 to 1930, 50 per cent of all new capital formations in Canada were created by foreign residents, largely from the United States. During the period 1950 to 1953 this figure had fallen from 50 per cent to 29 per cent of the total, and during the years 1953 to 1963 non-resident capital formations had fallen to 43 per cent of all capital formations. In other words, new non-resident capital formations in Canada have fallen from 50 per cent of the total in 1930, to 43 per cent in the period from 1953 to 1965.

It is also interesting to note that since 1945 new capital formations in Canada by non-residents have been created almost entirely out of retained earnings accumulated in the subsidiary Canadian operations. In the period from 1945 to 1961, one-eighth of non-resident capital formations in Canada—only one-eighth—was produced through foreign takeovers of domestic enterprises.

To pursue this same myth—namely, that we have an undue proportion of foreign ownership—let us look at some of the figures on U.S. investment in Canada. Latest figures show that total U.S. investment in Canada in petroleum and natural gas amounts to 58 per cent of the total; in manufacturing, 46 per cent of the total, and in mining, 43 per cent of the total.

These figures at first blush look rather damning, until we realize that they, when added to foreign investment in all other areas of Canadian economic activity, constitute only 21 per cent of the total capital stock of this country.