

Natural Resources—Development

the exact date of his visit has been fixed we will see what arrangements can be made so that all hon. members may have an opportunity of meeting him and possibly of hearing him.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SUPPLY

The house resumed consideration of the motion of Mr. Harris for committee of supply, and the amendment thereto of Mr. Diefenbaker.

MOTION FOR ADOPTION OF NATURAL RESOURCE DEVELOPMENT POLICY

Mr. Green: Mr. Speaker, before the house rose at six o'clock I had been pointing out some of the things we Conservatives believe a national development policy must do. One was that it must bring Canadians a maximum return from their natural resources and, second, that it must correct the present serious unfavourable trade balances and particularly the unfavourable trade balance with the United States.

This evening I would like to go on to deal with something else such a policy must do. We believe it must foster a wider financial participation by Canadians in the development of their own resources. After all, this involves the control of our own Canadian natural resources, and this country cannot afford to have such resources controlled from head offices in the United States.

This problem arises because of the very strong United States influence in our resource and manufacturing industries. That is pointed out at page 88 of the Gordon commission report, as follows:

The more important Canadian industries in which a relatively few companies controlled by non-residents have a dominating influence include the oil and the gas industry, some sections of the mining, smelting and refining industry (including in particular, nickel, iron ore, aluminum and asbestos) some sections of the chemical industry and at least three of the more important secondary manufacturing industries, namely, automobiles, electrical apparatus and supplies, and rubber products.

The Gordon report goes on to make certain recommendations. For example, it recommends certain objectives as being desirable for foreign firms operating in Canada, such as, for example, the employment of Canadians in senior management and technical

positions, the purchasing of supplies, materials and equipment in Canada, the publishing of financial statements, and the full disclosure of their Canadian operations. In addition it recommends that the larger Canadian subsidiaries should sell an appreciable proportion—perhaps 20 to 25 per cent—of their equity stock to Canadian investors, and should include on their boards of directors a number of independent Canadians.

Then the report goes on to recommend ways in which all this can be brought about. Perhaps the Minister of Finance would be interested in these recommendations of the Gordon commission. They recommend certain tax concessions at page 91, and they say:

These suggestions for new and special tax concessions were put forward primarily with the object of assisting Canadian companies and Canadian businesses to compete successfully with their much larger competitors in other countries whose financial resources and research facilities in many cases far surpass what is available in this country.

Now, Mr. Speaker, here is the part of the proposal which would help remedy the situation to which I have referred.

With this in mind, and if these suggestions for new and special tax concessions are accepted, it might not be unreasonable in the opinion of the commission, to make them conditional in their application to foreign-owned Canadian subsidiaries upon such companies, and more particularly the large or well-established ones, selling some part of their equity stock to Canadians and appointing independent Canadians to their boards of directors.

Then the report makes a further suggestion that it might be possible to charge a higher rate of withholding tax on dividends paid to United States residents by Canadian companies unless an appreciable percentage of the equity stock of such companies is held by Canadian investors.

These seem to be reasonable suggestions, and we would like to know what the government intends to do about them. I have been very much impressed by a pamphlet which was distributed to us all late last week by the Empire Trust Company of New York. It is entitled, "Observations on the Gordon Commission Recommendations Concerning United States Investment in Canada" and the situation is summed up very accurately, Mr. Speaker, in a paragraph on page 6 which reads as follows:

In the opinion of many Canadians, however, there comes a point where the "continentalization" of the North American economy in many ways implied by the attitude of the U.S. corporation runs counter to the best interest of Canada. While many of the arguments against the "continental economy" approach may be described as nine parts emotionalism and one part fact—

—this is an American summary—

—there is one that is irrefutable—the conflict in respect of the development of Canadian resources that may well arise between the objectives of the U.S. parent and those of the Canadian authorities.