

*Canada Corporations Act*

porations in the economy, the fact that corporations have a great deal of power within the framework of our economic structure. I noted, also, that we are talking about large corporations, not about small companies. Large corporations are able to exercise a great deal of control over the degree and circumstances of economic activity in Canada. Many of them have the size and power necessary to influence the course of economic activity and affairs. In addition, there is the factor of foreign ownership and control. This comes into the picture when we examine the performance of Canadian companies and corporations over the past number of years.

The fact is that the government has carefully avoided dealing with the issue. There is, really, no policy with regard to it and Canada is the only country without such a policy. This was made clear by Professor Melville Watkins when he spoke to the Montreal Society of Financial Analysts in January, 1969. He said at that time:

The current situation is well known to this audience: Canada is strong on foreign investment and weak on policy. The extent of foreign ownership of Canadian industry is unique among the industrialized nations of the world. We are also unique in the matter of policy by having the least. I note that only in Canada am I invited to speak on Canadian policy toward foreign ownership. In the United States, the invitation typically says "Canadian attitudes toward foreign investment". The Americans are more realistic; we don't have a policy, only an attitude.

He then went on to say that the absence of policy could not be attributed to the recency of the problem, and outlined some of the history as it has developed. I am sure nobody will quarrel with Professor Watkins' words. Most hon. members are familiar with the history of these institutions, the history of economic development in Canada, and I believe an examination of our economic history gives cause for hesitancy in relying upon Canadian capitalists and Canadian corporations as guardians of the Canadian interest. We can see that at the time of confederation Canadian businessmen obtained a base for commercial expansion. The national economic structure was at that time protected by tariff walls and assured of captive markets, in many instances.

In the last quarter century we have witnessed a great sell-out. Many Canadian businesses and enterprises have sold out and opted to become junior partners of United States corporations. Not only United States companies have shown an interest. I have an article here which shows that a number of

business interests in other nations are attempting to obtain a chunk or share of the Canadian economy.

For example, Algoma Steel Corporation is now 25 per cent owned by Mannesman International Corporation of West Germany; the Anglo-Canadian Pulp and Paper Mills is 96 per cent owned by the Reed Paper Group, London; B.P. Canada Limited is wholly owned by British Petroleum, London; Canadian Breweries is 49.5 per cent owned by Rembrandt Controlling Investments Limited of Stellenbosch, South Africa, through Rothmans Holdings, Canada Limited; and Canadian Industries Limited is 73.4 per cent owned by Imperial Chemical Industries of Canada Limited, a wholly owned subsidiary of Imperial Chemical Industries Limited, London. Many other companies are also listed, including some which play an important role in the Canadian economy.

I also read with interest the statement by Professor Watkins in an article he wrote for the *Montreal Star* on May 16, 1969, analysing developments in recent years. Referring on that occasion to the spread of conglomerate firms not only in the United States but in Canada, he said:

There is more to it than that. If foreign investment, or foreign takeover, rests on the superiority of the foreign firm, its converse is the inferiority of the domestic firm. To be not only a giant company in its own right, but owned in turn by a giant holding company, was apparently not to gain immunity from takeover.

This, of course, refers to the Canadian Breweries case.

For those who believe that having Canadian-controlled firms was a protection against foreign ownership, without any additional government policy being necessary, the case of Canadian Breweries should have provided food for thought. This time there was no U.S. department of justice around to save the day.

That reference has to do with the attempted takeover of the Molson firm by the Schlitz Company in the United States. Later on, Professor Watkins had this to say:

E. P. Taylor can bask in the sun of a Caribbean tax haven. As John Porter observed in his book *The Vertical Mosaic*, Canadian capitalists have not been known for their willingness to put patriotism above dollars, or country above cash—a point which Labatts, that old establishment family, had already demonstrated so far as this industry was concerned.

Nor is that surprising; the nature of capitalism is to create an ethic that at best transcends, at worst erodes, nationalism. If there is a Canadian national interest then there has to be a government able and willing to formulate and exercise it.