

of those persons that I should like to consider for a moment.

Those who said they were critical of the government's handling of the problem of foreign ownership and control were asked to explain why they felt as they did. Almost half of them answered in terms of general dislike of foreign economic domination of this country. Most of them, by the way, felt that this foreign domination meant U.S. domination. "We should run our own country", they said and, "the U.S. is taking advantage of us". A labourer from Ontario put it this way "We are becoming a little America". Well, Mr. Speaker, there seems to be ample evidence to support those feelings. It is certainly not part of my dream for Canada that we become nothing more than an economic appendage to the powerful American republic.

In the past few years, the Canadian public has become increasingly aware of the extensive nature of foreign ownership and control in our country. A growing percentage of people in Canada are coming to regard foreign ownership and control of our industry as undesirable. An examination of the reasons on which this opposition to foreign ownership is based indicates a concern on two predominant issues. The first of these is the loss of control in making decisions strictly in the interest and to the benefit of Canadians; the second is the economic loss, the loss incurred when profits and dividends leave the country.

There was a time during our quite recent history when it could be said that in Canada there was a conflict between two national aspirations, the desire for rapid economic development on the one hand, and the desire for cultural and political autonomy on the other hand. Even in the midst of such a conflict, however, Mr. Speaker, there were always those who pointed to that which has now become quite obvious, namely, that economic domination and political domination are inextricably bound together.

In the past, too much attention has been paid to the assumed benefits of foreign investment and not enough was said about the drawbacks. In recent years as the evidence accumulated concerning the extent of foreign ownership and control in this country, more and more Canadians have come to realize that the penalties substantially outweigh the benefits. What penalties? Certainly, one is the loss of control in making decisions strictly in the interest of and to the benefit of Canadians. How can we effectively make economic plans with any degree of confidence if a board of directors meeting thousands of miles away in another country is making major decisions about industries which it owns and operates in Canada and which directly affect our economic life? Those are economic decisions.

Political decisions as well can be affected by a high degree of foreign ownership and control. The Wahn Report put it this way:

The danger which Canada must guard against is that it will drift into such a position of dependency in relation to the United States that it will be unable, in practice, to adopt policies displeasing to the United States because of the fear of American reaction which would involve consequences unacceptable to Canadians.

Foreign Investment Review

Probably the most critical aspect of this relationship of dependency is the fact that it makes it increasingly difficult for Canada to establish its own regional development objectives. Large companies invest in Canada to extract resources for the American domestic market. Their investment decisions quite naturally reflect the industrial priorities of their economy, not ours. In the resources sector, one of the major reasons for American control is to ensure a stable source of raw materials for the parent company in the United States.

I have heard it argued, Mr. Speaker, that a vigorous, truly effective foreign ownership policy would work against the less developed regions of Canada and that only the more advanced regions of this country would benefit. In my view, such an argument is a fallacious one because I firmly believe that Canadian ownership and control allows for the possibility of a more rational and more long-term development policy. I believe it allows for a much greater opportunity to eliminate the chances for undue exploitation of people, of communities and of resources. The Canada for Canadians policy must, of course, be introduced in conjunction with a vastly improved program of regional economic development on the part of the federal and the provincial governments working in closer harmony. It is sometimes said that capital from the United States or some other country is needed to help our economic well-being. There are others who are quite convinced, and have statistics to back up their belief, that extensive foreign ownership and control means an economic drain rather than a benefit—a drain whereby profits and dividends leave the country.

Recent studies have shown that there is no actual shortage of capital in Canada and that new American capital which comes into our country is far exceeded by the export of capital to the United States by Canadians. Professor H. G. Aitken in his study of 1961 entitled "American Capital and Canadian Resources", showed that over 75 per cent of American investment was financed by Canadians through retained earnings of foreign branch plants operating in Canada, depreciation and depletion allowances granted those corporations by the Canadian government, and by funds raised abroad by issuing stocks and bonds on the Canadian money market. A more recent study has confirmed Professor Aitken's findings and has shown that the trend is increasing. In the areas surveyed, new funds from the United States amounted to 10 per cent—and I am talking about actual new funds, not recirculated funds—in 1963 and only 4.8 per cent in 1968.

Do we have enough domestic capital in Canada? The Gray Report answered that question. It suggests that Canadian savings are already large enough to sustain both greater growth and fuller employment than we have at the present time. So, despite a smaller percentage of actual new capital coming into Canada from the United States and despite the availability of adequate Canadian capital, foreign ownership and control is still increasing and it is increasing, Mr. Speaker, at a very alarming rate. According to the Gray report, in 1948, 43 per cent of our industry was foreign owned and in 1968, it was 58 per cent. This fact has led one distinguished economic nationalist to state that the problem in Canada is not foreign investment as such, but rather foreign ownership and