

At an appropriate time, shares of the Canada Development Corporation should be made available to the public as well as to provincial governments. In recent years, Canadian institutions and individuals have been unable to find attractive Canadian investment opportunities and have put their money into American equity securities. On a per capita basis Canadians, in fact, invest more in the United States than Americans invest in Canada. It is the hope that the Canada Development Corporation could have a positive effect on the repatriation of these Canadian funds.

*3.31 Canadian Ownership and Control Bureau* It is proposed that a Canadian Ownership Law be enacted establishing a Canadian Ownership and Control Bureau under the direction of a minister.

The purpose of the Bureau would be to perform many of the functions referred to in the Watkins Report (Pages 395 to 397). More specifically, in co-operation with appropriate agencies, departments and bureaus of government, it would: (1) Compile information relevant to foreign-owned firms in Canada; (2) undertake on a continuing basis research into foreign ownership in this country; (3) Disseminate information in respect of foreign ownership to relevant Government Departments and agencies; (4) Identify alien-dominated firms, with authority to obtain and to compile all relevant information with regard to their operations; (5) Assess their performance under the guidelines; (6) Consider taxation procedures in co-operation with the Department of National Revenue to ensure that taxation assessments of foreign-owned firms are fair and equitable; (7) Devise better methods for assuring compliance of foreign-owned firms with the guidelines; (8) Suggest improvements in the guidelines; (9) Co-ordinate the work now being done under the Corporations and Labour Unions Return Act and the Guidelines Branch of the Department of Industry, Trade and Commerce.

The Bureau, in making recommendations with regard to proposed government action to assure compliance with established guidelines for foreign investment, including guidelines with respect to Canadian participation and control, should take into consideration: (1) The value of greater Canadian participation in certain corporations or specific industries, particularly in areas where American concentration is high. (2) The need for capital in certain areas of Canada where a scarcity of Canadian capital exists and (3) The availability of capital from the private sector, the Canada Development Corporation or through other government sources.

The Committee believes that the large number of American based multi-national corporations operating in Canada pose special considerations as compared to domestically owned firms—in the leverage they possess in negotiating for concessions from governments, in their ability to avoid host government planning and policy measures, in the possibilities open to them for price fixing, in the formation of cartels, in market allocations, in tax shifting, in the extraterritorial intrusions of foreign laws which may accompany their activities and in their general disinclination to permit Canadians to own the majority of voting shares in their Canadian firms. Accordingly, it is imperative that multi-national corporations be supervised particularly carefully by the Bureau.