

Foreign Control of Canadian Industries

of the way in which economic control influences and, although he did not use as strong a word as this, bamboozles governments of countries in which that economic control exists and is applied from the outside. I quote from Mr. Gordon's speech as reported in the *Toronto Star* of May 22. In giving the first illustration he said:

Soon after Mr. (Lester) Pearson's first government was formed in 1963, a number of rather mild proposals were put forward... There was an immediate outcry including strong protests from the U.S. State Department. It was claimed that Canada was proposing to change the rules of the game, something that was reprehensible.

This, of course, was just plain nonsense.

Then he went on to say:

In 1963 the Pearson government believed that ever increasing foreign control over the Canadian economy was not in Canada's best interest. But taking action to counteract this trend encountered angry protests from the U.S. State Department, protests that were taken seriously by the government, a clear indication that our political independence had been eroded.

Those words are Mr. Gordon's, not mine, Mr. Speaker. Then he went on to give the second illustration:

Two years later, the Pearson government was considering legislation which would have given Canadian magazines a better chance to compete with the Canadian edition of *Time*—

He did not make any reference to *Reader's Digest*. A little later he said:

At that point the U.S. State Department went into action. Its representatives urged on behalf of the whole U.S. administration that nothing should be done which would in any way upset or annoy the late Mr. Henry Luce, the proprietor of *Time*.

It was submitted that Mr. Luce had great power in the United States through his magazines, *Time*, *Life* and *Fortune*, and that if he were irritated, the results could be most damaging both to Canada and to the U.S. administration.

Listen to this paragraph in Mr. Gordon's speech, and may I say here, Mr. Speaker, that whatever I may have thought of some of Mr. Gordon's policies my acquaintanceship with him convinced me that he was a man of great integrity and total truth, and therefore I take what he says without the slightest hesitation as being the absolute and unqualified truth.

The Canadian government concluded, quite rightly in my opinion—

Even he bowed down to the pressure.

—that there was considerable validity to these assertions respecting the influence of Mr. Luce and, accordingly, the Canadian edition of *Time* magazine was exempted from the proposed legislation.

[Mr. Lewis.]

There is another example of direct political intervention. Then Mr. Gordon referred, as a third example, to the famous case of Citibank of New York taking control of the Mercantile Bank of Canada, at which point the government did dig in its heels to some extent, although even in that case a concession was made.

I suggest there simply cannot be any valid argument against the proposition that if a country's economy is controlled by a powerful neighbour then its political independence is threatened, if not actually eroded.

The late John Foster Dulles, speaking about an Asian country, and I am sure this statement is well known to a good many members of this house, once said:

There are two ways of conquering a foreign nation. One is to gain control of its people by force of arms. The other is to gain control of its economy by financial means.

That was true of the Asian nation. It is true of Canada. It is true of every nation in the world. Everyone in this house has read the statement which George Ball included in his book, to the effect that sooner or later Canada would be so economically controlled by American corporations that political union and political solidarity would be inevitable.

Who can doubt these facts when you look at the present situation in Canada? The Watkins report makes clear, as I said, that from 60 per cent to 80 per cent of our manufacturing, petroleum, natural gas, mining and smelting industries are American owned. It makes clear that of 414 corporations in Canada with assets over \$25 million, more than half of those total assets are owned by American corporations.

I want to say, Mr. Speaker, that these economic developments have also reached into our labour movement for historical reasons, in that the largest part of the trade union movement in Canada consists of branches of international unions. However, I have been glad to note that in the last number of years large sections of the labour movement in Canada have demanded and gained Canadian autonomy for their membership, and the right to elect their own leaders and pursue their own policies in Canada. But I regret to say there are still sections of Canada's labour movement where this is not true. There are still sections which are still too much under the direction of their headquarters in another country. I urge my friends in the labour movement, as I urge the government in the other sphere of our economy, to broaden and