

*The Address—Mr. A. Stewart*

country. There are many other tables which one could put on *Hansard* to substantiate the case I am making, but I am not going to do it, primarily for the reason I simply do not have the time.

What is the effect of this concentration, economically and socially, on this country? We know that these companies are not owned by great masses of shareholders. In the United States, on the other hand, there are many thousands of shareholders who have shares in the ownership of their companies even though they have no control or no say in the direction of them. This is not so here because the majority of the equity capital is held, of course, by the parent company. Take, for instance, Ford of Canada. There are Canadian investors in Ford and yet none of them are naive enough to think that anything they say or do is going to affect the control of this company which is dominated exclusively by the United States.

Then, again these large United States enterprises are not unduly concerned about their shareholders. I call to witness here Mr. Gordon Huson who is editor of the *Business Quarterly* which is published by the University of Western Ontario. He tells us on page 254 of the fall, 1957 issue:

—both Canadian General Electric and Canadian Westinghouse in making offers to buy the shares of minority shareholders wielded the whip by announcing that future dividends were to be cut to increase investment.

They told Canadian shareholders they were going to cut dividends. "You had better sell out to us because we do not want any Canadian shareholders in our concern." This seems to be a deliberate part of the policy of these corporations. These figures show the reason why. United States corporations, in distinction to ours, are eternal. They think of themselves in terms of eternity. They outlive governments, and sometimes even outlive nations. Our Canadian corporations do not think, perhaps, so far ahead. Yet the fact remains that these United States corporations are not paying out too much in dividends. They are holding large amounts of undistributed profits. They are keeping their reserves for further investment in Canada and for further control in Canada.

The very size of these corporations discourages competition in this country. No small manufacturer is going to set himself up against these giants because he knows what is going to happen to him. Their very size, as I say, discourages competition. Their size is one of the effects of what is so humorously called free enterprise. By its very nature free enterprise has got to expand, has got to grow and it can only do so at the expense

of other companies. Free enterprise becomes monopoly enterprise. It is worth noting, of course, that the 500 big United States corporations have 750 plants in this country and they are the ones who do most of the controlling. The effect of these giant corporations in so many fields is to kill competition. It is true that ostensibly there is an element of competition. After all, they would not dare kill off every competitor, so they allow some to exist with a rather cynical bow to the combines investigation branch. If the Minister of Justice (Mr. Fulton) were here, I would tell him how I think he could make this branch really effective.

If we want to stop combines, there is no sense in fining them because they regard a fine merely as payment of a licence to carry on with their combinations. If we want to stop combines and cartels in this country the way in which to do it is to send each of the directors who is responsible for breaking the law to prison for two years without any alternative. That would stop combines in Canada. It would also, of course, stop the investigation branch of the combines department in Canada and no branch likes to put itself so completely out of business.

I refer again to the Minister without Portfolio (Mr. Macdonnell) in the Conservative government, and also Mr. Grant Dexter who maintain that foreign investment in relation to total investment has fallen. It is not so and it is demonstrably not so. Rather than put the figures on *Hansard*, I would ask these gentlemen to go and look up the 1956 figures. Also let them examine into the basis for their argument because it is quite spurious.

After all, what is Canadian investment? Canadian investment includes housing, roads, hospitals, schools, sewers, and public works of all sorts. I do not think we have ever got to the stage where we were ready to ask outsiders to come in and finance our homes. It is possible that provinces and municipalities must get outside help in financing schools and so on when they borrow outside of the country. But by and large those are the items which make up the great mass of Canadian investment. But on top of that, Canadians also invest money in industries in which they have a primary interest such as beverages, textiles, clothing, food processing and a multitude of smaller concerns. But there is one big one in which I think up to the present there is still Canadian control and that is in primary steel. Canadians, for some reason, have always been prepared to invest in primary steel. However, United States investment has been in different fields. It has been for years in