

reciprocity. There is some fuzziness as to what "sectors" are and also "reciprocity." Some people say the provision is not serious but others are worried because when you begin to narrow the area of bargaining, it becomes more difficult to see where a balance can be struck.

**The Deputy Chairman:** Honourable senators, may I say to Mr. Diebold that I know Senator Cameron will express the thanks of the committee to him for his appearance here and the excellent job he has done. If a few senators have to leave, I hope Mr. Diebold will understand that this is not an indication of disinterest. There are other commitments that some senators have. Senator Cameron will take the chair.

**Senator Donald Cameron** (*Acting Chairman*) in the Chair.

**The Acting Chairman:** Senator Rowe.

**Senator Rowe:** Most of the things I had in mind to comment on have been dealt with already by Mr. Diebold. There are two rather superficial questions that remain in my mind. One of these has been answered partly by Mr. Diebold.

I was intrigued by your statement that there was a "high degree"—that is the term you need—of free trade between Canada and the United States. I knew there was some, but I did not realize you could use the term "high degree." Would you offhand have a rough arithmetical figure for it?

**Mr. Diebold:** I would have a very rough one. I have a bad head for figures. My recollection is that it is well over 50 per cent. Does anybody know it? It is a figure I got worked out some years ago, that is, well over 50 per cent, more like 60 per cent.

**Senator Connolly:** I think it probably was.

**Mr. Diebold:** I wrote it down and I can find it, but I do not have it on me.

**Senator Rowe:** It would be interesting to some of us if we had that figure broken down in respect of raw materials, on the one side, and manufactured goods, on the other. For example, I am sure that the iron that we ship, 100 per cent of the iron ore, goes to the United States.

**Senator Connolly:** No, no.

**Senator Rowe:** A great deal of it goes—

**Senator Connolly:** No, it doesn't. Some of it goes to Europe and some to Japan.

**Senator Rowe:** I thought that was the iron ore company, but that is immaterial. There are two consortiums that are developing the iron ore there. I thought that one of them said they send their ore almost entirely to the United States.

The point is that we had a lot going in and I am sure there is no duty or tariff or excise on it. The same would apply to a lot of other things—our paper, for example.

**Mr. Diebold:** My figure came from the days when we had no tariff on oil, only quotas. We may have to re-do the number there.

**Senator Rowe:** If we could have that figure broken down into the two categories, it would be useful. Somebody must have it.

**Senator Connolly:** It might be something for the staff here to get.

**The Acting Chairman:** Apropos of that, I do not think the average Canadian has any idea that there is that much free trade between the two countries.

**Senator Rowe:** That is precisely the point I was making, that I had heard the term "high degree."

The other question I have is this—and it is not meant to be rhetorical: You said, Mr. Diebold, that events last year in respect of petroleum—and I am paraphrasing your comments now—had disproved the myth that the great American corporations controlled or held the Canadian development in their hands. You said that events have shown that, no matter what was proposed south of the border, the final disposition lay with the Canadian government.

Assuming that is so—and I am sure it is to a large degree—would you be prepared to make the same statement in respect of American corporations which have branches here in Canada making manufactured goods?

**Mr. Diebold:** You have a good point. It is quite a different matter because the activity is quite different. You said you didn't make your point rhetorical. My point was meant to be a little rhetorical. I said that one of the easy pictures of what multinational corporations mean to people is that "these guys take my resources and they do with them as they like." That is what I say has been disproved in the case of the oil companies.

With manufacturing industry it is a little harder to know quite how to take that. One makes the statement; but what is it they are doing? They are employing Canadian labour on Canadian soil; maybe they are using Canadian materials; maybe they are using Canadian machinery, et cetera. One does not know. They are producing something and they are selling. They can stop it or they can start it. That is perfectly true.

If they were making "widgets" in Winnipeg and you did not want them to export the "widgets", you could stop the export of that just as you could stop the export of the oil. They could then say, "Well, we will now stop the production." I suppose in a sense the oil companies could have said, "We will stop the production and go home," but, obviously, for good reasons they did not. It is true that the loss of the widget maker would be less than the loss of the oil producer if he went home. The bargaining position is somewhat different if you are not a resource-bound industry, but, you know, you would have to ask, "Why he would do that?" What would he do it for? He is there for his benefit. You have let him come for some benefit that you thought he brought. Maybe one of you is wrong. Maybe one of you is getting more or less out of the deal and maybe the conditions have been changed, but if there is no mutual benefit then one of you is not going to go on doing that, I don't think. Whether you are a private entrepreneur or whether you are government, you are going to stop this at some point.

I think there is a problem if you come to me and say that you badly need employment-producing factories of such and such a sort in some part of the province of Que-