

*Natural Resources—Development*

On October 16, 1956, speaking in Chicago, the Minister of Trade and Commerce used many of the arguments which we had used and which were criticized here in the house. He did this as he spoke to Americans with regard to Canadian operations of United States corporations. Among the things that he asked for were those which he had ridiculed when they were advanced by this party over and over again. In the course of his speech there he said this: 1. Let Canadians have a chance to become minority shareholders in subsidiaries. 2. Provide more opportunity for advancement of Canadians to top jobs. 3. Let Canadian branch plants take on more export business. 4. Make public more information on branch operations in Canada.

Those were some of the things that over the years this party had been advocating. Indeed the Minister of Trade and Commerce in the month of October, having for a period of five years or more cast nothing but contempt and scorn on the views expressed by this opposition relative to this matter, adopted several of them on the occasion of that gathering in Chicago. Indeed, he went on to point out one serious situation that arose, because these companies were United States companies operating in Canada. When subsidiaries here in Canada endeavoured to export from Canada in order to fill orders in international trade in various parts of the world, they were stopped from doing so and the exports were made from the United States. All this we on this side had referred to over and over again.

In addition to the points to which I have already referred the attitude taken by this party included certain other criticisms. I quote again from page 5777 of *Hansard* for July 9, 1956:

In many cases senior positions in Canadian subsidiaries are held by other than Canadians.

Foreign management may use its Canadian plant to manufacture goods for export only when the United States plant is too busy to handle its export orders. This creates undesirable fluctuations in production and employment in the Canadian subsidiary.

When we stated that last July we were answered by laughter and ridicule, yet by the month of October, apparently under the impelling influence of the Gordon report which today seems almost as dead as the Dodo so far as the government is concerned, the Minister of Trade and Commerce (Mr. Howe) changed his attitude very considerably.

It was also pointed out by Mr. Drew on the same page of *Hansard*:

A foreign company may not give the Canadian public adequate information about the affairs of its Canadian subsidiary. A number of Canadian

[Mr. Diefenbaker.]

subsidiaries today are operating under laws which do not compel them to give the information which is essential for an understanding of their operation.

This point, too, was brought out by this party, and again in his Chicago speech the Minister of Trade and Commerce adopted that criticism in part and indicated that it would be to the interests of Canada if United States companies or their subsidiaries in Canada would provide information similar to that required by the S.E.C. in Washington.

Then we stated:

United States interests doing business in Canada are subject to some laws of the United States such as the anti-trust laws. No matter how desirable the purpose of any of those laws may be, the result is that there can be an interference with business in Canada by the decision of the United States court or other tribunals.

The next paragraph reads:

Industrial research for Canadian owned subsidiaries of foreign owned corporations may be carried on outside the country so that there may not be adequate inducement for skilled personnel to remain in Canada.

Again, this idea was adopted by the minister in his October speech. Our position today is this. While we do extend a considerable additional amount of assistance to students in the universities, many of our technological and trained scientific men find it necessary to migrate to the United States and there engage in research in the mother companies of Canadian subsidiaries. Over the years we have contended that United States companies in Canada, and their subsidiaries, should be required to divert a share of research to the Canadian company proportionate to that expended in the United States.

I am not going to quote further from that speech of July 9, 1956. All I have quoted is for the purpose of showing the degree to which those criticisms that we made as to the danger of the situation were founded on reality, and their weight has now received the support of the Minister of Trade and Commerce, not in this House of Commons but in a speech delivered in the city of Chicago.

When we were taking this stand which the Minister of Trade and Commerce ridiculed as a nationalistic one and characterized as an emotional outburst against United States capital, he said, in effect, we were indulging in scare stories, in fantasies. Then, a few months later, in a speech in October, the minister quoted verbatim from the Gordon report in certain particulars and supported many of the criticisms which we made and will continue to make.

What of this report? What does the government intend to do about it? Are the recommendations to be carried into effect? If they are valid recommendations, they should be used. They must be valid because several