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THE IMPACT OF CANADIAN INCOME TAX LAW ON DOMESTIC SUBSIDIARIES OF U.S. CORPORATIONS—B.C. AND A.D.

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Introduction

SIX years ago the *Buffalo Law Review* published an excellent article[1] in which Mr. Hilary P. Bradford compared some of the aspects of Canadian and United States income tax law as encountered by corporations operating in both countries. Mr. Bradford said, in part:

> [T]here is probably no foreign nation where the American businessman feels less like an alien than he does in Canada. The converse is, possibly, equally true. Geographical nearness, the common language, similarity of business practices, familiar governmental and legal systems, large and inviting markets and a very considerable area of North American free trade—all combine to make Canada and the United States one another's best customer.[2]

One of the facets of the "familiar governmental and legal systems" which Mr. Bradford undoubtedly assumed, would be the similarity in the income tax laws of the two nations. Although there are many detailed points of dissimilarity between the United States Internal Revenue Code[3] and the Canadian Income Tax Act,[4] the points of similarity are very broad and basic.

The United States corporation looking abroad for a situs for its subsidiary will generally find a familiar tax climate in Canada. It will find much the same assortment of taxes in much the same "mix" as at home. Focussing more narrowly—on the income tax—the American will find in Canada, as at home, a two level tax structure applicable to corporate profits; *i.e.*, a tax on the corporation's income when earned, and an additional tax on the individual shareholder when those earnings are distributed in the form of dividends: both levies at rates very similar to United States rates.[5] He will not find, as he would in some

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1. Bradford, *Some Canadian-American Income Tax Problems*, 11 Buffalo L. Rev. 309 (1962).
2. *Id.* at 309-310 (Footnote omitted.).
3. Int. Rev. Code of 1954 (hereinafter referred to as the IRC or the Code).
4. Income Tax Act, Can. Rev. Stat. c. 148 (1952) (as amended) [hereinafter referred to as the ITA].
5. Corporations pay 18% on income up to $35,000, and 47% on income above $35,000. ITA § 39(1). An additional 3% is levied under the Old Age Security Act, Can. Rev. Stat. c. 200, § 22(5)(1952), thus making the effective rates 21% and 50%. In some provinces the effective rates become 23% and 52% because the provincial income tax levied exceeds the provincial tax credit allowed by the ITA. Rates for individuals begin at 11% and progress to 80%. Again, the Old Age Security Act, § 22(3), imposes a further levy of 4% on the individual's first $6,000 of taxable income. It is, of course, very difficult to draw any really meaningful comparisons from a statement of the range of the rates alone. Basic exemptions differ, and the income brackets to which the rates apply are far from identical in structure; *e.g.*, the top United States rate, 70%, applies to income in excess of $100,000, whereas the 80% Canadian rate applies to income in excess of $400,000. At $100,000 of income the marginal rate under the ITA is 65%. The most significant difference to be noted in any such

countries, a tax credit to the corporation for dividends paid or differential tax rates on retained and distributed earnings respectively.

The American will find in Canada a reasonably familiar tax base—*i.e.*, a concept of "income" to which he is accustomed.[6] Not only are "business practices" similar, but so also are accounting premises. Also, the attitude of the respective revenue authorities as to the kinds of receipt which should be included in "income" is substantially the same in the two countries. The most significant difference is in the area of capital gains. Here the American will find much more of a "gamble" element than at home. Whereas Canada imposes no capital gains tax, the corollary is that the arm of the ordinary income tax is longer. Instead of the relative certainty of capital gain treatment at a preferred tax rate, the visitor will find that the same transaction in Canada may involve great uncertainty as to whether the gain will be treated as capital in nature and tax free or as income and taxable at the full normal income tax rates. Many receipts which would be subject to capital gains tax under the IRC will be taxed as income in Canada.

THE IMPACT B.C. (BEFORE CARTER)

Writings in the area of taxation are always susceptible to rapid obsolescence. However, a description of present Canadian tax law and its impact on anything or anyone would be remiss if it failed to recognize the more than common transience of the existing tax structure. The Carter Royal Commission[7] has proposed changes which are truly fundamental and sweeping, and "Carter" is now very commonly used as a chronological benchmark to distinguish the things which have been and which are from those which will or may be. Accordingly, present Canadian tax law is described in this paper as uninfluenced by the Carter Report. A brief summary of changes which may result from the report follows this description.

The Federal Government of Canada bases its jurisdiction to tax income on two grounds, *i.e.*, residence and source of earnings.[8] Canadian residents are liable

comparison is that in Canada, at present, spouses are not permitted to "split" income. The Carter Royal Committee Report proposes to change this. K. Carter, 3 Report of the Royal Commission on Taxation 120-122, 128 (1966).

6. I have deliberately referred to "concept" rather than "definition" of income, for Canadian law is no closer to a definition of income than is United States law. Like the IRC, the ITA contains no definition of income but leaves it open to the administration and the judiciary to develop a legal concept from the voluminous economic and philosophic materials on the point. Sections 3 and 6 of the ITA correspond roughly to § 61 of the IRC in giving the appearance of defining income by stating that income includes all income and then listing an array of specifics which are included in, but not exhaustive of, the term. Section 4 of the ITA defines income from a business or property as being the profit therefrom. "Profit" is not defined.

7. K. Carter, Report of the Royal Commission on Taxation (1966) [hereinafter referred to as the Carter Report, Commission or Report].

8. Once again, this is an approach which will be familiar to the American observer. However, unlike the IRC, the ITA does not use citizenship as a primary criterion for grounding tax liability. But as will be demonstrated, Canada has been driven to using an almost equivalent test in determining corporate residence.

to tax on their world income,[9] non residents on income earned in Canada from the carrying on of a business, or from employment, in Canada.[10] Additionally, there is a special fifteen per cent[11] withholding tax applicable to Canadian source payments to non-residents which are not derived from employment in, nor from carrying on business in Canada.[12]

Of course, the impact of Canadian taxes on Americans, and of United States taxes on Canadians, is modified by the 1942 convention between the two countries.[13] In language common to treaties of this kind, the convention provides that an American "enterprise" will not be liable to Canadian income tax on its "industrial and commercial profits" except as to such profits applicable to a "permanent establishment" in Canada.[14] "Permanent establishment" is defined to exclude a "subsidiary corporation."[15]

Thus far, we have the following tax position:

a. Despite the provisions of the ITA, a United States corporation will pay no Canadian income tax on its income earned in Canada unless it has a "permanent establishment" there.
b. When a United States corporation carries on business in Canada through a branch operation or through a "permanent establishment" of any other nature,[16] it will pay Canadian tax on the income allocable to the permanent establishment at full corporate rates.[17]
c. If the Canadian subsidiary of a United States corporation is a resident of Canada it will pay Canadian income tax at the full rates on its world income.

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9. ITA §§ 2(1), 3.
10. *Id.* § 2(2).
11. In fact, although the rate on most payments is 15%, it is only 10% on some payments, such as film royalties.
12. ITA, part III §§ 106-110B.
13. Canada-United States Reciprocal Tax Convention, Mar. 4, 1942, 56 Stat. 1399, T.S. No. 983, [1943-44] Can. Stat. c. 21 (assented to by the Canadian Parliament) (as amended).
14. *Id.* art. I.
15. *Id.*, Protocol, para. 3(f).
16. *Id.* The Protocol to the Convention provides:
3. As used in this Convention:

. . . .

(f) the term "permanent establishment" includes branches, mines and oil wells, farms, timber lands, plantations, factories, workshops, warehouses, offices, agencies and other fixed places of business of an enterprise, but does not include a subsidiary corporation. The use of substantial equipment or machinery within one of the contracting States at any time in any taxable year by an enterprise of the other contracting State shall constitute a permanent establishment of such enterprise in the former State for such taxable year.

When an enterprise of one of the contracting States carries on business in the other contracting State through an employee or agent established there, who has general authority to contract for his employer or principal or has a stock of merchandise from which he regularly fills orders which he receives, such enterprise shall be deemed to have a permanent establishment in the latter State.

The fact that an enterprise of one of the contracting States has business dealings in the other contracting State through a commission agent, broker or other independent agent or maintains therein an office used solely for the purchase of merchandise shall not be held to mean that such enterprise has a permanent establishment in the latter State.

17. *See supra* note 5.

d. Additionally, the subsidiary, if resident in Canada, will be subject to the provisions of ITA, part III, which requires the withholding of tax on repatriation to the American parent of the Canadian source earnings.

Two matters of significance emerge from this summary. First, it is obviously important to determine the residence of any "Canadian" subsidiary. Secondly, it will be significant to enquire whether the Canadian tax structure in fact penalizes the American corporation which decides to carry on its Canadian operation through a subsidiary rather than through a branch.

1. *Residence*

Because Canada has not used nationality as a ground for tax jurisdiction, it has been at considerable pains to develop the concept of residence. And so it must, for one of the consequences of failing to use a concept of nationality, where corporate taxpayers are concerned, has been to give Canada the status of a "pseudo tax haven."[18] Thus, because Canadian law includes the doctrine that a corporation is resident where its central management and control are located, the "Canadian" subsidiary of a United States corporation may, by Canadian law, not be resident in Canada at all. Therefore the subsidiary, like any other foreign taxpayer, would be liable to tax in Canada in respect of any income earned in Canada but would not be liable in respect of its foreign income. So it was that Canada, with corporate tax rates equal to or higher than those current in the United States, still became a "pseudo tax haven" for American foreign operations. By introducing the "Canadian" subsidiary into the picture to conduct the operation in a third country, and by providing for foreign management of the subsidiary, the foreign earnings could be insulated from the grasp of the IRC. At the same time, no Canadian tax would be imposed.[19]

This is the situation that formerly existed under Canadian tax law. Legislative steps have been taken to remove Canada from the "pseudo tax haven" category. In 1961, section 139(4a) of the ITA was added to provide that from 1962 forward any corporation incorporated in Canada would be deemed to be resident if it carried on business in Canada during the tax year.[20]

This amendment prevented a United States company from using Canada

18. For comment on "tax havens" and "pseudo tax havens" *see* Barbeau, *International Tax Planning*, 6 Can. B.J. 214 (1963). Mr. Barbeau develops the phrase "pseudo tax haven" in connection with international tax treaties, but the principle is similar. A country whose tax rates and patterns are above reproach may become stigmatized as a "tax haven" by reason of the quirks that can result when tax planning reaches the three-cornered stage; that is, by involving three different jurisdictions the second one can be cast, unwillingly, in the role of a "haven."

19. The subsidiary not being resident, its foreign earnings would not be taxed in Canada when earned. And if those foreign earnings were later passed to the United States parent there would be no Canadian withholding tax. Section 106(1) imposes the withholding tax only on amounts paid abroad by "a person resident in Canada."

20. Added by [1961] Can. Stat. c.49, § 38(6). This amendment is noted in Mr. Bradford's article, *supra* note 1, at 313.

as a haven in respect of any subsidiary which carried on any business there,[21] but left it open to the United States company to create a dormant Canadian subsidiary whose management and business activities would be completely foreign.

Section 139(4a) of the ITA has itself been amended[22] so that from 1965 forward any corporation incorporated in Canada will be deemed to be resident in Canada.[23] This gives Canada virtually a nationality test for tax liability where corporate taxpayers are concerned. Although residence and source of earnings continue ostensibly as the criteria for taxability of all taxpayers, section 139(4a) renders the residence test the equivalent of a nationality test for corporations.

In terms of the decision to use a Canadian subsidiary, section 139(4a) now guarantees that such a decision will be influenced by sound business factors and appropriate tax considerations, but not by improper "tax haven" considerations.

The American corporation which now incorporates a subsidiary in Canada must expect to find that subsidiary treated in all respects as a resident subject to Canadian income tax on its world income.

2. *Subsidiary vs. Branch*

The Canadian tax pattern as above summarized[24] would attach a considerable penalty to the decision of a United States corporation to operate in Canada through a subsidiary rather than through a branch, and, in fact, the Canadian tax picture did contain this sort of discouragement to incorporation of Canadian subsidiaries until 1961. Whether a subsidiary or branch be used, the income earned in Canada would be taxed at full corporate rates. However, for the branch in Canada there would be no further tax consequence, whereas for the subsidiary part III would require it to withhold fifteen percent of any dividend paid to the United States parent.

There were factors leading in the other direction. For example, as Mr. Bradford points out,[25] the value of the Canadian surtax exemption was nearly

21. Before this amendment, the "Canadian" subsidiary would be subject to Canadian income tax on its income earned in Canada, but, if it was not "resident" in Canada, would not be taxable there in respect of its foreign income.

22. [1965] Can. Stat. c.18, § 28(4).

23. Section 139 (4a) provides:

Corporation deemed resident. For the purposes of this Act, a corporation shall be deemed to have been resident in Canada throughout a taxation year if

(a) in the case of a corporation incorporated after April 26, 1965, it was incorporated in Canada; and

(b) in the case of a corporation incorporated before April 27, 1965, it was incorporated in Canada and, at any time in the taxation year or at any time in any preceding taxation year of the corporation ending after April 26, 1965, it was resident in Canada or carried on business in Canada.

24. *See supra* pp. 136-38.

25. *See supra* note 1, at 315.

double that of the United States.[26] Additionally, the withholding tax imposed by part III would not be a burden so long as the Canadian earnings were accumulated or utilized in the Canadian operation; *i.e.*, so long as no repatriation was made.

However, where highly profitable businesses were concerned and where dividend repatriation was desired, there was a clear incentive to United States corporations to operate in Canada through a branch because of the fifteen percent withholding tax on dividends.

To correct this imbalance, part IIIA was added to the ITA in 1961.[27] This part now provides that most non-resident corporations[28] must pay on their Canadian income, in addition to income tax at the ordinary corporate rates, a tax of fifteen percent on their income net of all Canadian income levies, including both Federal and provincial.[29] A special incentive exemption permits the corporation to reduce its tax base by increasing its capital investment (in property) in Canada.[30]

Part IIIA thus removes any disincentive against a subsidiary. Any comparative advantage should now be situated with the subsidiary rather than with the branch. The comparative importance of the Canadian surtax exemption has diminished somewhat as the value of the United States exemption has increased.[31] However, the real advantage of the subsidiary is the opportunity it offers for tax deferment. So long as no dividends are paid to the United States parent, the withholding tax imposed by section 106 is inoperative. By contrast, the fifteen percent imposed by section 110B is calculated by reference to the corporation's Canadian income for the tax year and is exigible without reference to corporate fiscal decisions. The only opportunity afforded by section 110B to defer the tax is tied to the requirement of increased capital investment.

The tax deferment potential of a Canadian subsidiary is enhanced by the fact that Canadian tax law does not include a provision to tax accumulated earnings. A Canadian subsidiary may be a most useful repository for surplus earnings of a very profitable United States business.

Thus part IIIA, designed to introduce neutrality into the ITA as between the branch and the subsidiary, creates, when taken with the pattern of the ITA as a whole, some bias in favor of the subsidiary. This is both reasonable and desirable from the host country's point of view.

Some additional bias exists in favor of the subsidiary if the United States parent corporation is prepared to share the ownership and management of its

26. The basic rate of tax on corporations in Canada being 21% on the first $35,000 of income while the basic rate in the United States was 30% on the first $25,000.
27. [1961] Can. Stat. c.17, § 12(1). Part IIIA consists only of § 110B.
28. ITA § 110B(2) introduces exemptions for certain corporations which carry on banking, insurance, transportation, communications or mining activities.
29. *Id.* § 110B(1).
30. *Id.* § 110B(1)(b)(iii).
31. The amendments to IRC § 11 which replaced the surtax rate of 22% with a rate of 26%, thereby increased the value of a surtax exemption from $5,500 to $6,500.

subsidiary with Canadians to the extent prescribed by a recent ITA amendment. Section 106(1a)[32] fixes the rate of the part III withholding tax on dividends paid by Canadian resident corporations to non-residents. Consistent with most of the provisions in part III, the standard rate of tax on dividends is fifteen percent.[33] However, a bargain rate is imposed in cases in which the Canadian resident payor corporation has "a degree of Canadian ownership."[34] Very broadly, this lower rate is available where the payor corporation is resident in Canada and is at least twenty-five percent owned by Canadians and has at least twenty-five percent Canadian directorship.[35] The bargain rate available in such cases is ten percent in lieu of the standard fifteen percent.

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32. ITA § 106(1a), *as amended*, [1963] Can. Stat. c. 21, § 23(3), *and* [1964] Can. Stat. c. 13, § 20(1).

33. *See id.* § 106(1a)(a).

34. *See id.* § 106(1a)(b).

35. *Id.* § 139A(1) which provides:

Where corporation has degree of Canadian ownership. (1) For the purposes of this Act, a corporation has a degree of Canadian ownership in a taxation year if throughout any sixty-day period included in the one hundred and twenty-day period commencing 60 days before the first day of the year,

(a) the corporation complied with the following conditions

(i) the corporation was resident in Canada,

(ii) either

(A) not less than 25% of the issued and outstanding shares of the corporation having full voting rights under all circumstances were owned by one or more individuals resident in Canada, one or more corporations controlled in Canada or a combination thereof, and equity shares representing in the aggregate not less than 25% of that part of the paid-up capital of the corporation that was represented by all the issued and outstanding equity shares of the corporation were owned by one or more individuals resident in Canada, one or more corporations controlled in Canada, or a combination thereof, or

(B) a class or classes of shares of the corporation having full voting rights under all circumstances were listed on a prescribed stock exchange in Canada, and it is established in prescribed manner that no one non-resident person and no one corporation that did not comply with clause (A) of this subparagraph owned more than 75% of the issued and outstanding shares of the corporation having full voting rights under all circumstances, alone or in combination with any other person related to such non-resident person or such corporation at any time within the period within the meaning of subsection (5a) or (5b) of section 139, and a class or classes of equity shares of the corporation representing in the aggregate not less than 50% of that part of the paid-up capital of the corporation that was represented by all the issued and outstanding equity shares of the corporation were listed on a prescribed stock exchange in Canada, and it is established in prescribed manner that no one non-resident person and no one corporation that did not comply with clause (A) of this subparagraph owned equity shares representing in the aggregate more than 75% of that part of the paid-up capital of the corporation that was represented by all the issued and outstanding equity shares of the corporation, alone or in combination with any other person related to such non-resident person or such corporation at any time within the period within the meaning of subsection (5a) or (5b) of section 139, and

(iii) where the year commences after December 31, 1964, the number of directors who were resident in Canada was not less that 25% of the total number of directors of the corporation;

(b) the corporation complied with the conditions specified in subparagraphs (i) and (iii) of paragraph (a) and was a subsidiary wholly-owned corporation sub-

THE IMPACT A. D. (AFTER DOMESDAY)

The extent to which the recommendations contained in the Carter Report[36] will actually be incorporated into Canada's tax structure is uncertain. The Report has stirred vigorous debate. It has many critics, some of them violent. Their use of the term "Domesday" to describe that future date when the Report may be reduced to legislation accurately reflects the strong antipathy which many of them feel towards the Report's basic philosophy and principles.

Other observers are extremely impressed with the Report and very excited at the prospect of legislative change along the lines of its proposals. To these observers, the "Domesday" appellation is warranted only on the historical basis which connects that term with the matter of taxation. In this sense, the phrase is very apt, for the Report is as painstakingly thorough as the earlier work.

Although the effect which the Report will have on the Canadian tax structure is uncertain, it seems entirely fair, indeed necessary, to make some comment on its possible impact on United States companies operating in Canada.

The Commission has recommended in the Report changes that are at once so basic and so broad that they would change the entire appearance of Canadian tax law. In all the redesigning, however, there is little that is deliberately directed at domestic subsidiaries of foreign corporations.

There is substantial consideration of the paramount economic fact of great amounts of foreign investment in Canada—particularly equity investment. The Commission expresses great concern about the impact of its proposals on this investment, and makes a specific point of the danger of inviting foreign retaliation by failing to adequately recognize the interest of foreign investors.[37]

The domestic subsidiary and its foreign parent would be affected consequentially by some of the major proposals advanced, but in most cases in the same way and to the same extent as any other corporation operating in Canada. There is one proposal specifically directed at the domestic subsidiary and foreign parent; another proposal which might reasonably be expected is not found in the Carter Report at all.

Two of the central, and controversial, proposals in the report involve all corporate business taxpayers in Canada. The first of these recommends removal

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sidiary to a corporation that throughout the sixty-day period complied with the conditions specified in paragraph (a) or (c); or

(c) the corporation complied with the conditions specified in subparagraphs (i) and (iii) of paragraph (a) and was a subsidiary controlled corporation

(i) of which equity shares representing at least 75% of that part of the paid-up capital of the corporation that is represented by all the issued and outstanding equity shares were owned by

(A) the corporation to which it was subsidiary,
(B) a corporation controlled in Canada,
(C) an individual resident in Canada, or
(D) any combination of persons described in clause (A), (B) or (C), and

(ii) subsidiary to a corporation that throughout the sixty-day period complied with the conditions specified in paragraph (a) or (b).

36. *See* Carter Report, *supra* note 7.

37. *See* 2 *id.* 218.

of the distinction between "capital gains" and "income" and inclusion of all gains in the tax base. This would have a significant impact on many individuals and most corporate taxpayers of whatever ilk. There is nothing in this proposal which singles out the subsidiary of the foreign corporation. However, it would dramatically change Canada's tax image and might reasonably be expected to greatly diminish Canada's attraction to the United States corporations interested in investments of a speculative nature offering a chance of large appreciations in property values.

The other major proposal referred to is the one in favor of integration of the individual and corporate income taxes.

Briefly, this proposal is as follows: the Commission proposes to fix the individual tax rates so that they will never exceed the corporate rate. Corporations will continue to pay tax on their income as earned. On distribution, which may be actual or notional, the dividend flowing to an individual shareholder will be "grossed up" to include his share of the corporate tax already paid. His tax liability will be fixed by including the "grossed up" dividend in his income. He will then be given a credit for the tax paid by the corporation on his behalf. Distribution of corporate profits will never involve additional tax liability for the shareholder; *i.e.*, so long as top individual tax rates remain fixed at the same level as corporate rates.[38] Whenever the shareholder's marginal rate is less than the corporate rate, distribution will involve a tax credit for him.

An important feature of the integration proposal, or a distinct and related proposal if one likes, is the recommendation that the present two-level rate structure for corporations be replaced by a single rate applicable to all corporate profits—this rate to be fifty percent, the same figure fixed as the top rate for individuals.

What will be the impact of the integrated taxes on Canadian subsidiaries of United States parent companies? Integration of the taxes should have very little impact. The Carter Commission was concerned not to introduce changes which would operate disadvantageously to foreign investors. Of course, foreign shareholders will not have the benefit of integration; *i.e.*, those foreign shareholders whose marginal tax rate is less than fifty percent will not receive a credit or refund for the tax paid by the corporation on their behalf.

The Commission believes that its integration proposal will make shares of Canadian companies more attractive to Canadians without making them less attractive to foreign shareholders.[39]

Discontinuance of the two-level rate structure for corporations will result in the disappearance of whatever incentive formerly existed in connection with the additional, and larger, surtax exemption attendant on the creation of a

38. The critics are particularly cynical about the likelihood that the corporate rate and the top individual rate will remain the same, or that either will be held at the 50% level.
39. *See id.* 213.

Canadian subsidiary. However, the Commission deliberately rejected any tax on retained earnings,[40] so this incentive will remain.

The proposals already discussed are broadly applicable to all taxpayers. Reference was made earlier to a narrower proposal which is directly aimed at our "domestic subsidiary" situation. The Commission recommends withdrawal of the "degree of Canadian ownership" test and of the differential rates of the withholding tax which section 106(1a) attaches to that test.[41] The Commission asserts that this incentive will no longer be required; the higher share prices in Canadian companies, resultant upon the other Commission proposals, will have provided sufficient incentive to United States parent companies to sell stock in their subsidiaries to Canadians.[42]

The proposal which one might have anticipated, but which is not found in the report, would be withdrawal of the withholding tax altogether so far as dividends are concerned. Domestically, dividend distribution will no longer be a taxable event. Indeed, in most instances it will involve a credit or refund to the taxpayer; at any rate it will be, at most, a neutral event. It may be perfectly reasonable that foreign individual shareholders should not have the credit for dividends allocated or paid, but there seems no good reason to impose an additional withholding tax on such payments. This applies, of course, where the recipient is an individual as well as where it is a parent corporation.

The importance of this additional tax may be out of all proportion to the rate of withholding or the actual amount involved. The significant factor is that, so long as the U.S. corporate tax rates remain at their present levels, this additional fifteen percent withheld represents a full tax cost to the American investor, unrecoverable under any United States credits.

This problem may be expected to be ironed out. The Commission has given ample evidence that it is as anxious as Mr. Bradford to preserve "continuing friendship and economic ties"[43] between Canada and the United States. Although Canada's tax structure may be about to undergo surgery which will give it an unfamiliar visage to the American investor and businessman, they may be assured that all steps will be taken to guarantee that their continued interest in Canada will be profitable and obviously welcome.

40. *See* 4 *id.* 46.
41. *See* 2 *id.* 221.
42. *See id.* 228.
43. *See* Bradford, 11 Buffalo L. Rev. 309, 327 (1962).