

control. The only way to do so is by raising taxes, and the NDP ought to face this fact.

Some of the language used by the hon. member for York South reflects his well-known prejudices against business. We on this side do not share this unreasoned hostility to business, and I do not propose to deal with this subject from that point of view. Some of his concrete proposals are worth looking at seriously.

The first proposal he made was in respect of the screening of imports of parts and components. His second proposal was in respect of the screening of exports of raw materials to be certain they have enough processing in this country before exportation. His third proposal was in respect of the screening of export agreements by multinational corporations. All of these would fall under the criteria this bill proposes.

To return to these criteria, which I did not read in full before, the first of the five proposed is the effect of the acquisition or establishment on the level or nature of economic activity in Canada, including employment. The second is the degree and significance of participation by Canadians in new business enterprise, new business in Canada or new industry of which new business enterprise forms a part or might form a part. The third is the effect of the acquisition or arrangement of productivity, industrial efficiency, technological development, product innovation and product variety in Canada. The fourth is the effect of the acquisition or establishment of competition within any industry or industries in Canada.

It seems to me that at least the first three of these would cover the type of concern the hon. member for York South has expressed. I hope that there will be bargaining in respect of some of these criteria when the minister has to make a decision to approve an expansion of foreign investment.

The fourth proposal by the hon. member for York South was for the screening of expansion of a foreign corporation into related areas. This proposal is expressed in such general terms it is hard to know what the hon. member meant and therefore hard to know what attitude to take toward it. So many questions come to light that one does not know in which way to proceed.

How would one define "expansion"? Is an increase in sales an expansion, even if there is no expansion in the plant itself? An increase in sales could be an expansion because the company may be under-using its existing productive capacity. Does expansion include new buildings, does it include extension of existing buildings or does it mean only when there is an expansion on a piece of land which has not been previously used or on a piece of land that has recently been purchased? It would seem to me that however you define this type of expansion you are likely to find yourself in an administrative nightmare in which all major business decisions are being made by the government. That is not our notion of a mixed economy on this side of the House. Even with considerable qualification of these proposals by the hon. member I think that we cannot find ourselves in sympathy with his ideas.

However, it seems to me there are areas in which we should consider further governmental review, and we

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should undertake to see whether or not these areas require future review. One of these areas is the drawing on the Canadian capital market of foreign-owned businesses. A review procedure would ensure that a foreign-controlled firm would not use Canadian capital markets at the expense of displacing Canadian users of these funds.

It is hard to get exact statistics in respect of this matter, but it may be that a large part of the foreign investment in this country is financed by money from our own capital market. I am sure we would all like to have exact statistics. If it were proved to be a fact it would seem to me that this is an area in which we would want to impose some control of a negative nature along the same lines as this bill. We would want to control the investment of our own capital by foreign interests. We might also want to limit borrowing by Canadians in foreign capital markets, but that goes beyond the scope of the present bill.

Our greatest industrial need, Mr. Speaker, is for a viable and innovative secondary industry. We require a dynamic secondary manufacturing industry which would both maintain and generate an expansion of the present level of employment in the resource and service sectors. In this context we need, as several hon. members have said, a further rationalization of our industries and a concentration on technological innovation. This is one of the recommendations which has been made to us by the science committee of the other place. The Gray Report has also revealed that technological innovation is one of the casualties of foreign ownership in Canada.

In relation to technological innovation the minister made an important announcement towards the beginning of his speech on last Friday at page 2777 where he said:

My department is preparing a bill as well, which I hope to introduce very shortly, to provide for the registration of technology transfer agreements. There will also be legislation providing that a majority of the board of directors of federally incorporated companies be Canadian. Measures to increase Canadian participation in the ownership and control of resource projects are under consideration.

The suggestion in this announcement on which I wish to focus at the moment is that in respect of the registration of technology transfer agreements. As the Gray Report states on Page 44:

Licensing as a vehicle for the transference of a manufacturer's distinctiveness can have many of the same costs and benefits associated with foreign direct investment. The granting of a licence may be used by a manufacturer to spread his market power if he cannot afford direct investment in all markets. It may be used to foreclose entry of a potential competitor by granting him a licence. On the other hand, a licensing arrangement may allow a host economy to acquire a distinctive capacity without the necessity of bringing in other unneeded inputs, e.g., capital. A licensing arrangement can also lead to a more rapid diffusion of distinctiveness through the training it gives a potential competitor. Because of the similarities between foreign direct investment and licensing and other forms of contractual arrangements, much of the analysis which applies to direct investment is also appropriate to licensing arrangements.

While the minister has not spoken of the form which this legislation will take, it would seem to me appropriate that it might be carried on by the same minister with the assistance of the same agency suggested in this bill. I think there would be an advantage in having this done