

*Foreign Takeovers Review Act*

and deals with them in an ineffective manner. Mr. Wilson of the *Montreal Star* wrote:

Takeovers are by far the smallest part of the whole issue presented by foreign control of very large segments of Canadian industry. The takeovers have clearly been chosen by the government for this very limited step towards a policy because it is the part least sensitive to Canadians, least likely to provoke controversy.

Foreign takeovers, according to government estimates, represent just 10 per cent of foreign investment activities in Canada. The other 90 per cent represents new investments by foreign owned corporations already operating here or new investments by foreign corporations investing in Canada for the first time. Neither of these areas is affected by the proposed measure we are discussing, so we are dealing with 10 per cent of the problem which we are facing.

Professor Paul Halpern, Associate Professor in the faculty of management studies at the University of Toronto, commenting on the government's new policy on foreign takeovers, says this:

• (1740)

Since foreign takeovers of large firms have been estimated to constitute approximately 10 per cent of foreign investment activities in Canada, the impact of the screening agency will be minimal.

I thoroughly approve of, and am glad to repeat, that statement.

Dr. Levitt in the book to which I have referred called "Silent Surrender" says this:

The brutal fact is that the acquisition of control by U.S. companies over the commodity-producing sectors of the Canadian economy has largely been financed from corporate savings deriving from the sale of Canadian resources, extracted and processed by Canadian labour . . . Thus, over the period 1957 to 1964 U.S. direct investment in manufacturing, mining and petroleum secured 73 per cent of their funds from retained earnings and depreciation reserves, a further 12 per cent from Canadian banks and other intermediaries and only 15 per cent in the form of new funds from the United States.

Furthermore, throughout the period the pay out of dividends, interest, royalties and management fees exceeded the flow of new capital . . . In other words, America is using our own money to take over the Canadian economy—and skimming off a tidy profit at the same time.

In the past, Canadians have had to admit that we are selling our freedom. Now, it is apparent that we are actually buying our servitude. I should add a note to that, Mr. Speaker, to point out that the figures given by Dr. Levitt are now outdated. She says that 85 per cent of the funds used to acquire American control of our economy come from Canadian sources. I believe the Gray Report indicates the figure is now 93 per cent or 94 per cent.

The approach of the government, as Mr. Wilson, whom I quoted before, pointed out, is so loose and flexible that it tells almost nothing of what will actually happen in the future. Very general criteria, rather than precise limitations, have been given to the Minister of Industry, Trade and Commerce (Mr. Pepin) to guide him in his recommendations to the cabinet. The policy is likely to vary from minister to minister, from government to government. The concept of "significant benefit to Canada" is a vague and uncertain concept. I question whether the task of

[Mr. Brewin.]

determining what takeovers are of significant benefit to Canada should be a purely governmental responsibility.

The Committee on External Affairs in its report on this subject, after extensive investigation, proposed a Canadian Ownership and Control Bureau, which in turn had been recommended in the Watkins Report which spelled out in detail the function of this bureau. It is no wonder that the chairman of this committee, the hon. member for St. Paul's (Mr. Wahn), in the eloquent speech he made yesterday acknowledged this bill was a baby step forward and, in his words, ineffective. However, he took refuge in the proposition that it was a first step. I wonder if he pays no attention to the words of the Prime Minister (Mr. Trudeau) himself, because the Prime Minister has clearly pronounced that he has nothing up his sleeve to add to this particular measure.

In an interview with the *Toronto Daily Star*, the Prime Minister is quoted as saying:

It might be tempting to tell the readers of the *Star* that this is only a first step and we're going to take another one soon, but that would not be so. If we had another step to take we would have announced it.

At this time it is the step we are taking and we are prepared to be judged by it.

**Mr. Pepin:** He was talking about screening only.

**Mr. Brewin:** Well, he was being quoted in the context of dealing with this whole aspect of foreign control.

**Mr. Pepin:** He was talking about screening.

**Mr. Brewin:** If that is the minister's explanation, it is not an explanation that satisfies me because I think the words in the article are perfectly clear. I will reread them, and I invite the minister to read what was said. The Prime Minister said:

At this time it is the step we are taking and we are prepared to be judged by it.

I say he will be judged by it. It is no use for the hon. member for St. Paul's and the hon. member for Windsor-Walkerville (Mr. MacQuigan) to say that this is not enough, that we know it is not enough, but we have other steps, and that this is only a start. The Prime Minister has made it clear that he has nothing else up his sleeve. He spoke with his usual clarity, and he cannot get away from his words.

Another, and even more serious aspect of this matter, is that the Prime Minister in other interviews has made it clear that he is handing responsibility over to the provinces, to the provincial governments, after this first futile gesture. I quote again from an editorial in the *Toronto Daily Star* on the 8th of this month as follows:

The worst part of Mr. Trudeau's performance (in dealing with the issue of foreign ownership on a CTV program) was his evasion of responsibility. He said provinces that criticized his government's lack of policy should go ahead and control foreign investment on their own. It is true that there are things the provinces can do independently to screen foreign investment and get better value from foreign-owned enterprises. But, Mr. Trudeau knows perfectly well that it is not practical for a province acting alone to make comprehensive policy in this field. The leadership in this field should come from Ottawa.

Mr. Trudeau has now abdicated from that leadership role and he cuts a poor figure—