

*Economic Development*

was supportive of the Foreign Investment Review Agency and was in the process of implementing administrative changes to assist in the efficiency and effectiveness of its operations. Unfortunately, as I understand it, nothing has happened with these proposals. They are collecting dust at the back of a filing cupboard over in the C. D. Howe Building.

The other thing we had proposed was the formation of a special committee of the House of Commons to study the operations of FIRA against the background of foreign investment in this country today. Many things have changed since the minister, in a previous incarnation, did his report on foreign investment in this country. One thing is that we have one million plus people unemployed today, and it is for that reason that we have to take a very careful look at how the Foreign Investment Review Agency is to operate.

I urge the minister to state with greater precision the direction he wishes FIRA to take, because one of the problems we have seen in the past is that FIRA has been allowed to drift. There has not been sufficient political guidance as to the direction that the government of the day wished FIRA to take. Everyone—FIRA and Canadian and foreign businessmen—would benefit if the government made a clear statement as to how it interprets two words in the act. Those words are “significant benefit”. The act itself is too general. Canada needs a qualitative statement which will shift depending upon the economic and industrial circumstances of the day and which sets out the interpretation of the government of the day of what “significant benefit” means.

● (1710)

The government has stated clearly its intention to strengthen FIRA in three areas. I would like to comment on each of these.

They would have FIRA monitor the operations of foreign owned companies in this country. I urge the government to move slowly on this new mandate. This is a most sensitive area of intervention since it involves government direction over the decisions of management. This would be a new departure for any government. Government should also limit its activities to the larger companies, since this is the area where, if there are problems, the greatest benefit can be achieved.

Prior to embarking on this policy, the government should advise the companies affected in a very clear fashion what the guidelines are. The current principles of international business conduct should be updated and, in areas, expanded upon. These should be submitted to the companies involved well in advance. It would also be useful if the government embarked on a degree of consultation with organizations, such as The Business Council on National Issues, the Canadian Manufacturers' Association and others, as to how to proceed from here.

When I was recently in Australia, I met with the foreign investment review board in that country to discuss with them how their approach to foreign investment differed from ours. One of the areas which I found fascinating was the fact that decisions are handed down by a tribunal, which includes retired businessmen as well as the commissioner for the gov-

ernment agency over there. The involvement of these businessmen was described to me as being “astonishingly successful”.

I strongly suggest to the minister that this approach be used in the monitoring activities that he has in mind, because private sector representatives could assist greatly in developing the right approach and the proper tone for the monitoring process. In addition, where there are problems I believe a private sector individual will have much greater success in seeking action from the company in question than a bureaucrat who has no direct business experience. I say this because it is easy for a confrontation to develop between FIRA on the one hand and the business affected on the other.

The second area where the government proposed to move is in announcing publicly proposed acquisitions. Again I urge the minister to do so only with those large acquisitions and other forms of acquisitions where there is real significance to the economy. It is essential that the threshold level and other ground rules for such notification be announced beforehand so that the companies affected would be clearly put on notice.

The third area of proposed action is in making financial assistance available to Canadians wishing to take over foreign-owned companies. In this area, the government is putting itself in the position of being both banker and judge and, in certain cases, possibly be broker as well. It is obviously very difficult to be objective in these circumstances. So I recommend strongly that the government separate any such activities from FIRA and, if possible, from the Department of Industry, Trade and Commerce. Because I am concerned about the effects of this third policy, I suggest that the government put a clear limitation on the amount of loan guarantees they wish to make. We must not forget that this money would be disbursed without creating one new job in the country. It will also result in funds leaving the country to be invested elsewhere.

In addition to the dollar limitation, I suggest that the government require from Canadian companies a business plan which would set out how the Canadian company would operate in a clear way to bring significant benefit to Canada. There is no point in simply satisfying our nationalistic emotions if, at the same time, there is not a clear plan of how economic development would be improved in this country as a result of the buy-back policy.

Of greater importance, however, than strengthening FIRA would be policies to encourage a greater degree of Canadian ownership in this country. The Prime Minister, in his speech immediately prior to the election, spoke in a vague way of policies to encourage Canadian ownership. I urge the government to bring these forward at the same time as its policies to strengthen FIRA. In this regard the government might consider tax free financial instruments to finance takeovers of foreign firms. They might well embark on a policy of moral suasion in certain industries, seeking companies themselves to take action to reduce the level of foreign ownership.

I have one final point to make. Since the government is looking to FIRA to take on an expanded role, I urge that proper funding support be provided to the agency. In recent months the workload has increased, the backlog has increased,