

Canadian business when it also has the interests of the Canadian Development Corporation at heart.

• (1640)

A great deal of information concerning the shares and the business involved will be the property of the federal government for some 90 days. The government would then be in a position to say that it might be more suitable if the Canada Development Corporation paid the price that had been agreed upon or slightly more. In this way, that organization would be allowed to have an inordinate amount of influence on the business of the country. The government is moving in this direction already. One of the largest companies engaged in the exploration for oil and gas in the Arctic is Panarctic Oils, and the government owns 45 per cent of that company. This government appears to have a continuing interest in getting into the day to day business activities of the country. It is very important to remember, in a country the size of ours, that our industries have connections with others in the world at large because of our limited domestic market. We cannot take an insular view here because we must have those connections in order to get the best results. There is also the question of technology. In many instances, it is imperative that some foreign element be involved in our business undertakings in order that we may reap the benefit of technology that has been developed abroad.

One thing that concerns me about this legislation, Mr. Speaker, is the fact that it might be subject to the same kind of treatment that has been extended to applicants for regional expansion grants. These applicants do not appear to me to have been dealt with in a fair and equitable manner in all parts of the country. It is quite obvious that the bulk of the money has gone to the province of Quebec, and I would say that probably even within that province the bulk has gone to the St. Lawrence Valley. The same attitude towards takeovers would not be conducive to the development of strong, viable businesses in the more remote areas of the country.

This bill enjoys the short title, Mr. Speaker, "Foreign Takeovers Review Act". It is the hallmark of this "Looking Glass" government that what it gives to us is the reverse image of what it promised us. This bill would be more appropriately entitled the "Provincial Powers Takeover Bill". I feel that there is a very strong constitutional weakness in this bill. It deals primarily with shares of incorporated companies because most of the undertakings to which it will be relate will be incorporated. I will have something to say about what I think the proper attitude of the government should be later on, but I am going to deal with some of the weaknesses at this point.

This bill represents another addition to the long list of power grabs—some defeated, some successful—by this government from the provinces and from the private sector. We can add it to the original investment companies bill which would have enabled this government to seize control over the investment of \$13 billion annually from private business and to shift investment from one province to another to suit its political whim. Fortunately, that bill was emasculated in the Senate. We can add it to the new Unemployment Insurance Act which went a long way towards seizing provincial power over social welfare. We can add it to the direct payment of federal taxes to

Foreign Takeovers Review Act

individuals and corporations under the Family Income Security Plan, the Local Initiatives Program, the Opportunities for Youth, the Company of Young Canadians, regional incentives grants and a variety of other giveaways.

These constitutional violations of Section 92(7) of the British North America Act which gives the provinces exclusive legislative power over social welfare, are justified under the so-called "spending power" of the federal government. The existence of that constitutional power was denied by the Privy Council, the Supreme Court of Canada, and by that eminent constitutional authority who now heads the government of Canada. The curt dismissals of that power by the Privy Council and the Supreme Court remain unchallenged by any later decisions. The statement by the constitutional authority—now our head of government—is classic in phrasing and farsighted in its analysis of the effect the spending power, if used, would have. In 1961, Pierre Elliott Trudeau said, in a paper titled "The Practice and Theory of Federalism", which he contributed to "Social Purpose for Canada":

Indeed, the federal "spending power" or so-called "power of the purse" is presently being construed as a federal right to decide (at taxpayers' expense) whether provincial governments are properly exercising any and every right they hold under the constitution.

In a note to this statement, Mr. Trudeau comments:

In a brilliant chapter published in A.R.M. Lower, F.R. Scott et al, *Evolving Canadian Federalism*, Durham, North Carolina, 1958, Professor Corry finds it "extraordinary that no one has challenged the constitutionality of the assumed spending power before the Supreme Court" (p. 119). I share his wonderment; but I find it even more extraordinary that political scientists fail to see the eroding effect that the power of the purse will have on Canadian democracy if the present construction continues to prevail, and in particular what chaos will result if provincial governments borrow federal logic and begin using their own power of the purse to meddle in federal affairs.

• (1650)

Eleven years after this article appeared in print, that constitutional authority has taken the Canadian constitution a long way down the road to erosion. The Prime Minister (Mr. Trudeau) is taking another step with this bill, although not by use of the so-called spending power. This time he is taking a large-sized bite out of the exclusive legislative power of the provinces over property and civil rights.

The second reading stage, Mr. Speaker, is not the time to discuss the clauses of this bill or to point out the violations of provincial powers, one by one. Nor am I interested in hearing denials from the minister who occupies the once proud and prestigious post of Minister of Justice and Attorney General of Canada. Notwithstanding the pride of place that that position once held among Canadian lawyers, its pride and prestige have been eroded, just as surely as provincial powers have been eroded, with the publications by a former occupant, of the position of a so-called constitutional paper entitled, "Federal Provincial Grants and the Spending Power of Parliament".

Be that as it may, Mr. Speaker, I feel that one of the big weaknesses of the present legislation is its failure to attempt a selective approach, since there are big differences in the types of investment to which foreign or other