

opposition parties would be held responsible if the bill were held up and did not pass before the end of June.

Let us examine that assertion in the context of what has happened. As I noted, the study of this matter was begun officially by the government in the spring of 1970. A great deal of background work had been done before then. We were given the official statement of government policy and the draft bill on May 2. Bill C-201 was introduced immediately thereafter. Not until May 29, almost one month after the bill was introduced, was the debate on second reading of Bill C-201 begun. But now the Prime Minister blames the opposition if the bill is held up. That, I suggest, is irresponsible hypocrisy.

We know, for example, that the Prime Minister stalled answering questions by using all sorts of diversionary tactics. He said the matter was still under study, when it was clear that the government had made its basic decision on this question. The Prime Minister also dragged red herrings across the trail, one of the most serious being the entire issue of regional development and the relationship between foreign ownership policy and regional development considerations.

An hon. Member: Now you are dragging a couple across the trail yourself.

Mr. Burton: He suggested that any restriction on foreign ownership would hurt the disadvantaged regions of Canada. May I quote from a statement the Prime Minister made in Regina early in 1972. The statement gave a great deal of concern to his good friend, Walter Gordon.

Mr. Benjamin: If he never comes back it will be soon enough.

Mr. Burton: According to a report, the Prime Minister said:

There is this constant trade-off between those parts of Canada which are already fairly developed like the central provinces, and particularly Ontario.

And that's where you find the Melville Watkins and the Walter Gordons who think that enough is enough and they don't want any more foreign capital to develop their province, but they don't always realize that other parts of Canada have not developed that far and therefore they would not mind a little bit of foreign capital if it means there is more technological progress and higher standards of living and so on.

That is what the Prime Minister said in Regina. I suggest the Prime Minister's statement is wrong in fact and that its effect is harmful. Varying studies, some of which have been commissioned by the federal government, relating to economic geography have come to our attention and these show clearly that the pattern of foreign investment is not directly related to the pattern of regional disparity that is evident in Canada. Also, reports which have been produced by the federal government show clearly that foreign investment has been highest in Ontario where the highest level of income in Canada is earned.

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The typical pattern of entry of foreign businesses, with some exceptions such as industries that are resource-oriented, has been to Ontario. They go to Toronto or one of

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the larger centres nearby and establish their Canadian operations. I suggest that the manner in which foreign investment has taken place in Canada has contributed to the problems of regional disparity with which we are now wrestling.

There is another matter concerning regional development policy that we must consider. That is the regional industrial incentives program. The federal government, through the Regional Development Incentives Act of the Department of Regional Economic Expansion, has already committed over \$250 million in grants under this program. Over half the money that has been committed under this program will go to foreign-controlled firms.

The Minister of Regional Economic Expansion (Mr. Marchand) maintained that he could not cut off grants to foreign-controlled firms because this would hurt regions in need of help. He has said many times that we need a policy of controls over foreign investment but it has to be a general policy, it cannot be part of the regional development program and cannot be an instrument for controlling or curtailing foreign investment. In response to questions I asked in the House and in committee, the minister expressed the hope that there would be an effective policy to deal with this problem in the foreseeable future. Where is that policy? Where is the minister? It seems that in so far as his policy is concerned, it is business as usual; there is no change.

The foreign takeover bill before us states that it will do something about maintaining Canadian control of our economy. On the other hand, however, we continue to feed this growing monster under programs such as the regional development incentives program. The foreign firms which helped create regional disparities by the pattern of their development will not solve the problem now. We need a different sort of Canada Development Corporation than was presented by the government. We need a complete overhaul of the industrial incentives program.

The bill before us is designed to curb takeovers. But why should a foreign firm be interested in a takeover when it can get help like this to expand an existing operation or start up a completely new operation? What we need from this government is a complete change of policy. The government might take note of the change that was recently introduced by the Ontario government whereby they decided to stop forgivable loans to foreign-controlled corporations. The Ontario government reached the conclusion that this was not contributing to development in the province of Ontario.

We have Bill C-201 before us. We had the usual type of detailed introduction by the Minister of Industry, Trade and Commerce (Mr. Pepin). He is the same minister who told American businessmen in a number of recent speeches that they had nothing to fear and nothing to worry about with regard to legislation the government was going to introduce. He was right. This minister also had a recent experience with some of the American-controlled subsidiaries in Canada. The minister thought he was dealing with them in good faith; he thought he could rely on them and that they had not taken action through their parent corporations to become involved in the United States DISC program which would undercut their Canadian operations. The minister found out through