

objective of any sound economic development plan should not be aimed at restricting the free flow of capital but rather should be aimed at the creation of wealth-producing jobs.

We, in Canada, do not object to major Canadian investments abroad. As a matter of fact, I think we would probably be very disturbed if the Americans, the Germans, the French or the Australians started to restrict our investments. It is true that there are countries that have restrictions on investments from foreign countries, but none of them has anything that comes close to being as blatant and as odious as the Foreign Investment Review Agency in Canada. There are restrictions in every country but most of them are far more subtle and far more sensitive than the FIRA operation was in our country.

In my province, the economic development of Newfoundland has had, sadly, very little support from Canadian investors. The sort of risk capital necessary for natural resource development has not been forthcoming from Canadian investors for whatever reason. Perhaps the capital is not available in sufficient quantities to justify risking long-term investment in mining or pulp and paper or in the fishing industry, or in related resource developments of whatever type. Our business people in Canada seem happier with large commercial real estate developments, office buildings, shopping centres, big-profit fast-return oil ventures with major government support. This is the sort of thing that seems to attract Canadian investors.

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If they cannot see the investment from the window of their office on Bay Street, if they cannot count the cans before turning off the lights at night, they are not going to get involved. Or at least that has been our experience in the "far east," in Newfoundland.

Most of us would very much prefer to be all Canadian—all Canadian investment, all Canadian controlled. Without foreign investment, we would have no pulp and paper industry in Newfoundland. As Senator Sinclair has pointed out, the trend of British overseas offshore development changed in the 1950s, and there was a much larger influx of American capital for the iron mines in Labrador and various other projects, including the Churchill Falls development, which was British and American financed. By and large, there has been a relatively minor import of Canadian capital to our province. As a result, we have had to look to overseas investors.

When FIRA became involved, the complaint was invariably the same. We could point out that in practically all cases a FIRA application meant FIRA approval. It sometimes took an interminable amount of time, but in most cases approval was granted. Very rarely did FIRA reject an application. It was the mechanism itself that was very often the problem. Business people did not like baring their corporate souls to Ottawa, or, I suppose, to any bureaucracy. They did not like the idea of exposing all of their trade secrets, their business practices, their balance sheets, their history, their operating modes and manners to an unsympathetic and unknown bureaucracy.

In order to file for permission to invest in Canada, the businessman had to bare all of his corporate secrets to people he neither knew nor trusted. All of his secrets, all of his books—everything—had to be laid bare before the public service. And the process was a lengthy one, with no time limit. The original application could be extended at FIRA's request, and beyond the first extension there was no time limit. That, mercifully, will be changed under the proposed legislation.

Nor was it necessary for the bureaucracy to give a reason for an ultimate rejection or for an indefinite delay—which was, in effect, a rejection.

The decisions were made eventually, on the advice of the bureaucracy, by order in council. Since these were cabinet decisions, the reasoning behind them was very often not made known to the applicants.

The investor could be called back time and time again for explanation and for further information. And the further away from Ottawa, of course, the more difficult it was to deal with this rather amorphous body known as the Foreign Investment Review Agency.

I have to say up front that in many cases this impact was a psychological one. The rumour that FIRA was opposed to foreign investment was a strong one, and it grew stronger and stronger and stronger.

During the time that I occupied that ministry in Newfoundland, my counterpart in Ottawa was Alastair Gillespie, and at no time did he ever offer anything but encouragement. He assured us time and time again, with complete sincerity, that FIRA was not designed to discourage investment in places like Newfoundland. Any time that we ran into a problem, we were to contact him, and he would help to explain the workings of it.

But the sad story was that, even with the best intentions in the world, the business community was reluctant to keep coming to the public service to go through the process I have described.

So, the problem is not only the mechanism itself, but the psychology that surrounds the process. The message that went out, inadvertently or otherwise, was: "You can come in to Canada; you can invest. But you are not really welcome. You have to go through this process, and eventually, if your patience and your understanding of how government works is strong enough, you will probably get your application through."

FIRA was a deterrent to investment in Canada. I do not share the belief of Senator Sinclair that there are hundreds of millions, thousands of billions of dollars lined up across the Gulf of St. Lawrence waiting to be poured into Newfoundland. I am delighted to see that some of the barriers, whether real or psychological, have at least been diminished.

The name "Investment Canada" is far more attractive and positive than "Foreign Investment Review Agency," which really sounds a little bit iron-curtainish in some respects, if I can be delicate enough in expressing it in that way.

My God, I have mellowed since coming to Ottawa.