

*Foreign Takeovers Review Act*

one's trousers. They have it in a much higher proportion than we. As I said, it is a matter of tax laws, a matter of managerial skill.

What is the answer to all of this? Well, it was to be in the so-called Gray report which was leaked in a Canadian publication last November. Let us look at the objectives of the memorandum, which read in part as follows:

1. To set up the alternatives available to the government in presenting its foreign investment policy to parliament and public;
2. To consider what should be done about foreign takeovers of Canadian firms in the period between the day of the policy announcement and the enactment of the necessary legislation;
3. In the light of the first two objectives, to consider the advantages and disadvantages of early legislation to screen foreign takeover; and
4. To consider what should be done about certain other issues—the status of the criteria which will guide the review agencies, the sanctions for non compliance—either with decisions of the review agency or with the terms of deals made with it, the definition of foreign takeover and control, and details of the administrative machinery, including the question of thresholds for registration and screening.

At that time, also, there were strong suggestions that foreign investment would be controlled, that there would be restrictions on foreign personnel acting in Canada. It was going to be a real "made in Canada" operation. But all that has come out of it, outside of a great deal of uncertainty and unhappiness with Canada among our friends in foreign lands, has been Bill C-201 which is to create an agency to screen takeovers.

I am not yet satisfied as to the constitutional jurisdiction of the government of Canada in this respect. How will it block, disallow or somehow negate the transfer of shares from one provincial company to another provincial company all of whose operations are within the confines of one province? I will be very interested to hear the minister tell us how they propose to do that. Or are some of these suggestions made in the bill of the same nature as those that were incorporated in the Canada Corporations Act which are pure window-dressing? They are non-effective for the purposes that were given as an explanation of their inclusion in the amending bill. Page after page of them has served no useful purpose except to add more red tape and a lot more expense for people in business. They affect only a very small segment of Canadian corporations.

If the minister will say that this will affect only those companies under the Canada Corporations Act, then that is one thing. But if he says this will operate to limit the takeover of a privately-owned cement company in British Columbia by another company operating in British Columbia where the degree of foreign ownership is sought by the mathematical formula in this bill, that is another thing. Will the minister tell us whether that is the intention? Is there any means whereby the Parliament of Canada can legislate to do anything in that regard? Will the review board be able to do anything about that, and will the minister, as the minister responsible under this bill, be able to report a yea or a nay to his colleagues so that an order in council may be issued dealing with the company or companies which are entirely Nova Scotian in their aspects?

In any event, I join other hon. members who have said something about what will happen in committee. We will

[Mr. Lambert (Edmonton West).]

see. Perhaps we will get some very illuminating explanations. I have a suspicion that this bill is a tiny field mouse that has been produced after eight years' gestation and was simply brought forward because there had been a leak and the government had to explain that documents did exist and that something was being done.

I want to speak about an industry that is much quoted as being one of those that is very much under foreign domination, that is, the Canadian mining industry. I will quote a paragraph from the address of the president of Noranda Mines at its annual meeting in April of this year. It must be remembered that 92 per cent of Noranda's 34,000 shareholders are Canadians owning a similar percentage of the outstanding stocks, so this is not the president of an American-dominated or foreign-dominated corporation reporting to his foreign shareholders. This is what Mr. Powis said:

The last point to consider is the question of foreign ownership of the Canadian mining industry. A great deal is made of the figures produced by Statistics Canada which purport to show, for example, that 80 per cent of our smelting and refining capacity is foreign-controlled. However, as indicated previously, these figures are fragmented and highly misleading. The fact is that Canadians control 67 per cent of our copper refining capacity, 70 per cent of zinc capacity and 100 per cent of lead capacity. It is only in aluminum and nickel that so-called foreign control is predominant, and this is because Alcan and International Nickel are considered to be foreign companies because somewhat less than half of their shares have been owned in Canada. However, if the trend of increasing Canadian ownership of these two companies continues, a majority of their shares will soon be held in Canada and the statistics will then show that all major sectors of the smelting and refining industry are overwhelmingly controlled in this country.

You see what a little encouragement, from the tax point of view, for the Canadian investor will do? If Canadians investing in International Nickel tip the scale to 50 per cent plus one, then those industries would be dominated by Canadian-controlled companies. This is how and why the statistics that are so often quoted are misleading. They leave out the most pertinent parts of the information that would affect us.

I have no time to put on the record a quotation from an excellent publication entitled "Performance of Foreign-Owned Firms in Canada." I will do so at another time. This is a study taken under the sponsorship of the Canadian-American Committee headed by Professor A. E. Safarian of the University of Toronto. I commend this little book to hon. members. It contains some very illuminating conclusions with regard to the performance of foreign-owned firms in Canada.

• (2120)

Dealing with solutions, Mr. Speaker, the hon. member for Grenville-Carleton (Mr. Blair) complained about a lack of counter-proposals. There is an over-all problem of foreign ownership and it has many facets. I did not hear the minister this afternoon, but to be strictly relevant to the bill he should have talked about foreign takeovers only and about reviewing them. I have already spoken about one of the solutions which I think the majority, if not all, of my colleagues in the official opposition advance. It is that the Canadian taxpayer must be given the proper incentives. He must not be placed in any position of inferiority under our tax law when compared with