

not official at least it may perhaps be persuasive in the stage between the notification by the foreign investor and the eventual decision by the minister. The agency itself is but an advisory agency and that is as it should be.

• (1600)

It might also be pointed out to the hon. member for York South, who indicated that he would like to see a provision whereby Canadians would be encouraged to buy back those industries and concerns that have been taken over by Americans, that it is the intention of some of the provisions in this bill that that be done. Indeed, the bill's provisions apply in the event of a foreign investor attempting to take over a Canadian company, even though that company may already be owned by foreign interests. The foreign investor has to give notice under the legislation, so that a review of his intentions can be carried out. May I suggest that in this way an opportunity would be provided to determine if the takeover, by a foreign investor of a foreign-owned Canadian concern, would be in the best interests of Canadians.

The bill further provides for a review agency, with ministerial discretion, to consider the establishment of new businesses by non-residents, or of Canadian corporations controlled by non-residents, but it does not include review of expansionary investment in a business already carried on in Canada, by an investor, notwithstanding the fact that he is a non-resident. I thoroughly agree with that particular provision, because we have already experienced how sensitive capital investment is to radical legislation. I recall that during the Quebec crisis of 1970-71 there was a flight of capital from Quebec, and it was correctly analysed at the time as being the direct result of unsettled economic conditions in that province, and of the threat of political upheaval. If radical measures were taken now, the same result might well follow throughout Canada.

[Translation]

It is essential to point out that the bill before us does not try to prohibit foreign investments nor the purchase of a Canadian enterprise by foreign interests.

In fact the question is to examine the intentions of the investor who would try to take advantage of a favourable financial climate in Canada and to study, through an agency, the advantages of investments under non-Canadian control.

This examination would not be made in a vacuum but in the light of five basic principles which, in my opinion, would be guidelines to the minister responsible for it.

Mr. Speaker, I would like to explain simply the effect of these five criteria. First, the question of the effect of the acquisition or establishment on the level and nature of economic activity in Canada, including employment.

It is obvious that the minister must make sure that investments favour the industrial development policy in Canada. Secondly, the degree and significance of participation by Canadians in the business enterprise must be dealt with. It means therefore that through investments Canadians will be called upon to participate more actively in the proposed industrial development through acquisition or investment. Third, the minister must also consider

Foreign Investment Review

the effect of the acquisition or establishment on productivity, industrial efficiency, technological development, product innovation and product variety in Canada.

Mr. Speaker, some Canadians want us increasingly to develop our own technology in Canada. With the help of this technology we could develop goods for use in a typically Canadian context, that we could make in accordance with our own traditions, our own imagination and our own initiative, for the general benefit not just of Canada, but of other countries too.

Mr. Speaker, the member for York South (Mr. Lewis) spoke just now of Canadian participation, of the question of industrialization, of the rationalizing of industry and of specialization in certain areas of manufacturing. I am delighted to see the member for York South adopting a policy which is basically the Liberal philosophy, namely industrial specialization in Canada. He did so, and I congratulate him for it. I note that clause 2(2)(c) of the bill deals directly with developing such specialization by encouraging development of technology in Canada.

The fourth criterion is the effect that buying or founding will have on competition in one or more industries in Canada. I need say no more about that, because it goes without saying. The fifth question is that of the compatibility of buying or founding with national policy in the industrial and economic fields, bearing in mind the aims of the economic and industrial policies put forward by some provincial authorities.

And so this is a new concept, Mr. Speaker. It is one by which the federal government, seeing the need for investment and for investment control, also sees that there is economic inequality in Canada, and therefore realizes that it must make sure that the industrial interests of the provincial governments are protected and that the latter are consulted at every stage. All that amounts to helping the minister decide, taking all the factors into account, whether investment is or is not likely to be of significant benefit to Canada.

[English]

Thus, Mr. Speaker, we are speaking of significant benefit to Canada. Those are the key words, and to my mind they ought to be interpreted as synonymous with the national interest. I will go even further. I will suggest that this bill is fundamental to the whole political philosophy of the Liberal party, because in those criteria that have been announced—

An hon. Member: Boy oh boy, what a lousy philosophy!

Mr. Blais: Mr. Speaker, notwithstanding the narrowness of view indicated by the comment from across the chamber, this legislation, as indicated by the particular formulation of the words used in it, is fundamental to that political philosophy. Full employment is indeed encouraged. Canadian control of the economy is also encouraged. The development of Canadian technology is encouraged. Regional development and the removal of regional disparities are encouraged. Those four factors represent the backbone of the government's policy. They are being written into law, and it is to encourage the realization of these aims that this bill is being represented at this time.