

*Foreign Investment Review Act*

benefit to other regions of the country, particularly when it introduces a new competitive firm in that part of the country. This is one of the complaints. Companies sold to Toronto-based firms and Montreal-based firms will probably be closed down and the plants moved to those cities. One cannot blame them for this, but the problem is very real.

The centralizing role of this tribunal is obvious. Sales of firms close to Ottawa, in Ontario and Quebec, will receive favourable consideration. Those in the periphery of Canada, in the Maritimes and in the west, are certainly not going to receive the same consideration. The levying of the oil tax and the discounting of barley and wheat to Canadian consumers by the federal government just recently are a case in point. These actions would never have been taken against the provinces of Ontario and Quebec just because they are too powerful and their voices are heard in Ottawa. The role of this tribunal will obviously be to discourage investment in western Canada and the Maritimes.

Finally, the fact that the ultimate decision is to be made by cabinet means that the guideline, "of significant benefit", will be disregarded and in the final analysis the decision will be absolutely a political one of the moment, not a very good thing on which build a foreign investment policy. The failure to introduce a means by which the provinces would have something to say about investment being made within their jurisdictions is a major weakness of this legislation. Until the provinces can have a role in deciding what is important in their areas this tribunal will not function adequately.

**Mr. Randolph Harding (Kootenay West):** Mr. Speaker, I should like to take part in the debate on the motion before the House and at the outset indicate that it is my intention to support the legislation despite its many deficiencies. It is at least a step in the direction of controlling foreign takeovers. It is a sad commentary, indeed, that legislation such as this was not placed on the statute books years ago. It would have been far more effective 20 or 30 years ago than it will be today simply because at that time action could have been taken with regard to all the key corporations that over the years have passed to foreign control.

• (1450)

Last year the majority Liberal government introduced a foreign investment review bill in the House of Commons. It was a weak, indecisive piece of legislation. Fortunately, it died on the order paper when the election was called in the summer of 1972. The present bill, C-132, is a considerably improved piece of legislation. It deals not only with foreign takeovers but also with new businesses sought to be established by foreigners and expansion of existing corporations in unrelated areas.

The minister has accepted a number of changes from committee members, including suggestions from my NDP colleagues. The result is a stronger and vastly improved piece of legislation. It is an indication that minority government has had a beneficial effect on this legislation now being processed by parliament.

[Mr. Ritchie.]

At this time, however, I must make it crystal clear that the legislation now before us is only one of several measures that must be taken if we are to regain control of those key aspects of the Canadian economy that have come under foreign ownership. For example, the bill still does not deal effectively with the most important part of the problem in Canada, the expansion of existing foreign corporations within this country. If the legislation is policed effectively by the minister, the expansion of existing corporations in unrelated fields can be checked. However, this is only a part of the vast expansion of these foreign corporations which is taking place within the boundaries of our own country. Parliament must proceed with further legislative measures to control future foreign investment in the country and to ensure that control of those vital sectors of the economy which have already passed into the hands of foreign investors is returned to Canadians.

Liberal and Conservative speakers are constantly extolling the virtues of foreign investment in our resource industries and in other aspects of our economy. Canadians are told that we must have this investment or our economy will wither on the vine. To-day, as in the past, the policies of both the Liberals and the Conservatives have been directed toward encouraging foreign investment in practically every phase of our economy. Both Liberal and Conservative governments over the years have passed legislation and regulations which have given a host of concessions to foreign investors. These include ridiculous tax concessions, exemptions, low royalty rates on oil and gas, generous permit and lease arrangements for resource development, and so on. These policies have resulted in foreign control of our Canadian economy to an extent not seen in any other industrialized nation in the world. These policies have resulted in the massive export of Canadian raw materials with little or no processing taking place in our own country. This is one of the major reasons why a resource rich country like Canada has such a high unemployment rate.

The limiting of foreign ownership in our country is not an unreasonable proposal. I point out to hon. members that many other countries in the world have been forced to take legislative action against foreign investors from other countries. These countries have recognized that economic independence is fundamental to political and cultural independence. They took action to protect their own national interests and to ensure that the control and direction of their economies would be subject to decisions made in their own countries by themselves. They were able to foresee the tremendous pressures and influences that foreign-owned corporations would be able to exert on key sectors of their economies if these foreign corporations had control. Perhaps they have taken the lessons history has taught far more seriously than Canadians, for it has been demonstrated over and over again in many parts of the world that the political takeover of a country in one form or another has always followed economic takeover. It is a tragedy that this government and the Conservative party have not recognized these basic facts.

Among the many nations of the world that have taken action to limit foreign ownership is Japan. It is a good example because since World War II there has been very heavy United States investment in that country, just as there has been in Canada. A few years ago, however, the