

*Foreign Investment Review*

way in which the federal government is responding to United States control of our industry and natural resources?" The result of the poll, taken nationally, revealed that only 34 per cent of Canadians approved. Forty per cent disapproved, and 26 per cent were undecided. Of course, disapproval could come from either side, but these were figures which could hardly give comfort to the government. The election results may also have been a factor, though neither of the parties opposite, because of dissension within their own ranks, dared to make an issue of foreign ownership in the campaign.

**Some hon. Members:** Oh!

**Mr. MacGuigan:** Perhaps we can all agree that there is a concordance between the direction the government is moving and the direction in which the public is thinking, and that this is a happy situation.

I should like to draw the attention of the House briefly to the principal differences between this bill and that of last year. The first and most important of the changes is the inclusion in the scrutiny process of entirely new businesses established in Canada by foreign capital. The second is provision for scrutiny of expansion of existing United States firms or foreign-owned firms in Canada where it is unrelated to their existing business activity. The third is the inclusion in the criteria of specific reference to provincial interests, and the fourth is the establishment of an agency, the foreign investment review board, to play a large role in the scrutiny process.

I do not propose to say very much about the first two of these changes, those which deal with new businesses and unrelated expansion. The fact is that without provisions of this kind the attempt to restrict foreign investment in Canada might very well have failed completely. There were so many ways of getting around the proposals announced last spring that they might have been ineffective in dealing with this problem.

The question of the change in the criteria is worth slightly more emphasis, especially since the hon. member for Trinity (Mr. Hellyer) has made the point that there was no consultation between the federal government and the provinces. Of course, the hon. member was wrong. The present Minister of Consumer and Corporate Affairs (Mr. Gray) went across the country last year to consult with all the provincial governments very specifically in connection with the proposals the government was making.

**Mr. Hellyer:** Were they aware of it?

**Mr. MacGuigan:** Since then, the provinces have not been shy about making their views on the proposals put forward both last year and this year known to the public.

In clause 2(2)(e) of the bill, the fifth of the criteria is:

—the compatibility of the acquisition or establishment with national industrial and economic policy.

These words are common to last year's bill and to this year's, but this year's bill contains the additional words:

—taking into consideration industrial and economic policy objectives enunciated by the government or legislature of any province likely to be significantly affected by the acquisition or establishment.

• (1510)

It seems to me that while it was previously understood that this was the way in which that criterion would be applied, it marks a useful step forward in our approach to the subject to have it spelled out specifically in the bill. There were legitimate fears on the part of many provinces both in the east and in the west that not enough attention would be given to provincial priorities, and that the federal government might be imposing upon the provinces industrial policies that they would not wish to see take effect in their part of the country. To have this stated as an express concern of the review process is, I think, a very useful addition indeed.

The fourth addition to the earlier bill, the proposed establishment of a foreign investment review agency under a commissioner, is also of interest. It does not change the basic thrust of the review process. The House will recall that last year it was argued by members of the NDP that the scrutiny body should be either independent or at least some branch of the government other than the Department of Industry, Trade and Commerce. I recall having a dialogue during my own speech on the subject with the hon. member for Selkirk (Mr. Rowland). I rejected the point of view that was expressed at that time by the NDP, since I believe that this department does have the expertise necessary to make this kind of review and that the government must assume responsibility for the decisions that are made.

An independent agency would simply not do because it would not be sufficiently responsible to the public and to parliament. The provisions of the bill do not change the fact that the government does bear ultimate responsibility. The words of the act clearly state that the decision to be made is still the minister's. Therefore, he is still completely responsible, though he will have the help of the foreign investment review agency. It would seem that in this way the agency will be of great assistance in expanding the scope of the bill.

The hon. member for Trinity (Mr. Hellyer) has also made a charge with respect to this proposal. Forgive me if I pause for a moment to find the reference in *Hansard* so that I do not misquote the hon. member. The hon. member argued that the determination that will be made in the scrutiny process will be largely subjective, and will depend to a considerable extent on the attitude and approach of the commissioner, the minister and the Governor in Council. According to the hon. member, the latter will reflect the opinion of the key members of cabinet or "in group" in control at the time. He went on to say that the extent of the inevitable subjectivity concerned him. If he means that the administrators will not impartially administer the criteria, then I think he is impugning the public service of this country.

I understand him rather to mean that there was some margin for discretion in the process, and that the government—in this case—will bear full responsibility for the decision that is taken. This is indeed exactly what the bill proposes. The position is exactly that it is the government that will be responsible for the administration of this policy. It is not that some unknown civil servant will be responsible; the government itself will bear responsibility for this, just as it has to bear responsibility for the over-all