

Foreign Investment Review

Canadian competence, and in this sense I refer to the Export Development Corporation bill which is presently before this House. Indeed, it was referred to the standing committee which has had its first meeting. That represents a major program for the expansion of exports.

While there is some common ground, as I have indicated, there are also some major differences. This is a debate on foreign investment in Canada. I was struck by the fact that the hon. member for Trinity (Mr. Hellyer) managed to avoid any reference in his policy proposals to measures directed specifically at foreign investment. Is his a foreign investment policy without measures to deal with foreign investment? There was not even the usual reference found in Conservative statements to a need for additional key sectors.

As I pointed out in introducing this bill for second reading, it is important to have measures to support the development of strong Canadian owned and controlled companies. That is the first pillar of Liberal policy. It is also important that the government has the means to ensure that needed foreign investment brings maximum benefits to Canada. The Conservatives appear to have no answer on that point. Bill C-132 does. I must also confess to some surprise and disagreement with the Conservative espousal of the buy back of Canadian industries. We must increase our trade surplus, said the hon. member for Trinity, in order to generate the capital to repatriate Canadian industry. However, as I pointed out in my earlier remarks, there are grave problems to this approach.

Let us leave aside for the moment the massive amounts of capital involved. What are we to do about the other problems? Why buy back the past instead of building for the future?

There is common ground between myself and the hon. member for York South (Mr. Lewis).

Some hon. Members: Hear, hear!

Mr. Gillespie: There is, for example, some substance to his comment that Conservative answers all involve some form of tax concession, or some other form of incentive directed toward the public purse. Positive incentives have a role to play and, as I have indicated, the government has used them where necessary, but to rely solely on these incentives is to admit the bankruptcy of that policy.

The NDP has given notice that it will seek to strengthen the bill in committee in three respects: Increasing the coverage of the screening agency; amending the presumption of non-eligibility back to the 5 per cent and 20 per cent as in the old takeover review bill, and have the entire bill proclaimed at the same time. According to the hon. member for York South, screening powers should be extended to cover imports of parts and components, exports of raw materials, export agreements between affiliates of multinational enterprises, and the expansion of existing foreign controlled corporations in Canada into areas related to present lines of business.

Let me say that there may be some misunderstanding about the proposal now before this House. As I and my

predecessor have made clear on a number of occasions, in looking at whether a proposed investment will result in significant benefits to Canada, the government will look at procurement policy, export policy and further processing to ensure that to the maximum possible extent economic activity which can rationally be carried out here in fact takes place here. These considerations go to the heart of the screening process.

This is not to say that the screening process will examine every purchase contract, every export contract and every sale of Canadian resources. Just to state this possibility is an indication of how impossible it is. Billions of dollars of exports and imports between affiliate companies across our borders every year are being carried out under thousands of contracts. It is inconceivable to me that the government could contemplate setting up a bureaucracy to screen every such transaction. Business and the economy would grind to a halt in that event.

Mr. Speaker, in the one minute left to me I would just like to refer to one criticism that has been raised, that there is no screening of the expansion of existing foreign-controlled firms already in business into related areas of activity. As the hon. member for Windsor-Walkerville (Mr. MacGuigan) pointed out, there are some horrendous administrative problems in this regard. Perhaps this explains why other countries have shyed away from this type of action.

I have indicated on a number of occasions that the proclamation of this part of the bill, and this is another criticism which has been suggested, should take place within a year of passage of the takeover provisions. It seems to me entirely sensible to proceed in this orderly step-by-step manner when introducing this policy which will affect all sectors of the economy. As Aristotle said "Well begun is half done".

Mr. Baldwin: Are you sure it was Aristotle?

Mr. Gillespie: There will be an opportunity when the bill is before the standing committee to deal with a number of other aspects. The one point I would like to make to hon. members this afternoon is that this is not a policy of negative nationalism, this is rather a policy in support of the Canadian attitude and in support of Canadians running, managing and developing their own economy. I look forward to the discussions in the committee.

The Acting Speaker (Mr. Laniel): In accordance with the order accepted previously today, it is my duty to put the question at this time. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

The Acting Speaker (Mr. Laniel): It being six o'clock, this House stands adjourned until tomorrow at two o'clock p.m.

At six o'clock the House adjourned, without question put, pursuant to standing order.