

*Foreign Takeovers Review Act*

down the drain. They will not succeed. This is the dilemma.

The Liberal does not want to take this position very often. He believes in the market economy. He believes in keeping his hands off things. He wants them to run their normal course without government interference. He does not want to take the hard measures that are necessary. These will be difficult measures to take. Those in charge will have to speak with the provinces. Many differences must be reconciled. Planning is not an easy matter. This is not the kind of planning you impose on people from the top down. That kind of planning is neither acceptable nor workable. You must sit down and discuss these matters with all the people involved.

There are some provinces that do not feel the same way about foreign ownership, that think the more foreign ownership they can attract the better it will be. Can you blame a province with a relatively low level of industrial development for saying, "Look, we are not concerned about the ownership. We know it has certain effects on the national economy, but 20 per cent of our people are unemployed. Anyone who wants to come in here and put up a factory is welcome." This is a serious problem, but it is not an insoluble one if you are prepared to do some planning about your economy, and if you can say, "There are ways we can help."

There is another difficulty, Mr. Speaker. Very often questionnaires are sent out ask people if they are upset about foreign ownership. Almost invariably something like 80 per cent to 90 per cent reply that we have too much foreign ownership and that we must do something about it. But when you ask the critical question, "Are you willing to pay a price to do away with foreign ownership?" the percentage drops enormously. If the question is coupled with some antagonism toward the United States, then the percentage goes way down. That is a characteristic mark of this country. If we are going to take action along these lines, then it is the responsibility of the national government to persuade the people of Canada that we can do something about foreign ownership without being enemies of the United States, and without any substantial reduction in our standard of living, or in providing employment. In fact, quite the contrary, Mr. Speaker, because by taking action in some areas of foreign ownership we can increase the prosperity of Canada. I will come to that argument a little later on.

We have been brainwashed by the myth of the superiority of the international corporation. The American businessman has been told this over and over again by people in the highest places. No less a person than a former prime minister of Canada, bolstered by all the business leaders, high civil servants, and the cabinet ministers who listen to them, has been taken in by this myth. The public have been brainwashed into believing that there is some superior business technology that we would lose if we took action against foreign ownership. I do not think that is really true. Foreign ownership of enterprises in Canada makes us poorer, rather than richer. I was interested to read the remarks of the hon. member for Grenville-Carleton (Mr. Blair) as recorded in part at page 2654 of *Hansard* for May 29. He said:

[Mr. Saltzman.]

• (1610)

There is much evidence to show that whether or not enterprises have been owned in Canada is irrelevant to their performance in the interests of Canada.

His authorities were Professor Safarian and Professor Watkins. I know the hon. member and know him to be very careful when quoting. Yet, he was not very careful in his research. I think both Professors Safarian and Watkins dealt with aspects of performance of American as against Canadian companies. I do not think they dealt with the efficiency of corporations. Researches I have asked the Library of Parliament staff to undertake establish clearly, I think, the inefficiency of foreign controlled manufacturing industries which have set up in Canada, as compared with the efficiency of companies, private or public, that have remained Canadian. The preliminary evidence, I do not say it is conclusive, tends to rebut the claim, heard often, that ownership makes no difference to performance or that American-owned companies are superior to Canadian. The most efficient manufacturing companies in Canada, by and large, are those which have remained under Canadian ownership, and the most inefficient are those which come under foreign control and are broken up into branch plant operations. This is not because the Canadian entrepreneur is more talented at organizing than his American counterpart; this has come about because the pattern of foreign ownership in Canada has proven ineffective and inefficient and is not suited to the Canadian market. American companies have tried to create in this country a replica of the United States market, a market almost 11 times our size. If you make a suit that is 11 sizes too big for a man, you can hardly expect him to look good in it or walk well in it. Many sectors of the Canadian economy are poorer, as a result of being foreign owned, than they otherwise might be. I will not deal with the outflow of funds. That question was excellently dealt with by the hon. member for Duvernay (Mr. Kierans).

Having said all these things about foreign ownership, I return to my earlier theme. We need to consider the whole business of ownership in some kind of national, planned context. I am not in favour of the outright prohibition of foreign ownership; nor am I necessarily in favour of licensing arrangements, which are more and more entered into. Sometimes a foreign corporation, instead of establishing a branch plant in Canada, will licence a Canadian manufacturer to produce a commodity in this country. I have seen some licensing agreements; some are worse for this country than the presence of the foreign corporation. For instance, they sometimes insist that the product shall be sold only in the Canadian market, at a price considerably higher than that charged in other countries. In many ways such agreements limit Canadian manufacturers and impose conditions which are little short of slavery. What is worse, since the conditions are invisible, the people of the country are unaware of the difficulties that may be created by such licensing arrangements. Perhaps some licensing is good. Really, I am suggesting that our difficulty is not with foreign ownership alone.

If we pass this legislation and attempt to prohibit takeovers, how can we deal with a company that says, "If you will not let me take over a corporation, I will start a new company." Nothing prevents the setting up of a new cor-