On the positive side, the present Government has set up the Canada Development Corporation, which will play an active role in developing strong Canadian-controlled businesses. The previous Government had set up the very successful Panarctic /Panarctic Oils Limited/.

The tax reform of last year contained several measures deliberately designed to reach the same objective. I refer, for instance, to the 10 percent limit on investment abroad by Pension Funds, and to small-business tax advantages available to Canadians only.

Now another step is taken: the screening of takeovers.

The Policy

Foreign companies seeking to buy out or take over an existing Canadian business above a certain size will be screened.

The purpose will be to examine the proposals; to approve those that, on balance, will bring "significant benefits" to Canada; to negotiate with the proposed acquirer in those cases where he can reasonably expect to make a greater contribution to Canadian development; and to refuse to allow those takeovers that would not bring significant benefit to Canada.

Five factors will be taken into account:

(1) the effect of the acquisition on the level and nature of Canadian economic activity and employment;

(2) the degree and significance of participation by Canadians;

(3) the effect of the acquisition on Canadian productivity, industrial efficiency, technological development, product innovation and product variety;

(4) the effect of the acquisition on competition within Canadian industry or industries; and

(5) the compatibility of acquisition with Canadian industrial and economic policies.

Some commentators have expressed regret at the generality of these factors. We couldn't help it. Right or wrong, criteria would have had to be too general; if made specific, they could be counterproductive (e.g. money inflow).

Why the Executive Branch?

Some have wondered why screening by the executive branch and not an independent tribunal?