

foreign ownership? I think we have to look at these effects industry by industry and company by company.

As Canadians, we now have priorities which are quite plain for all to see. We want an economy which will provide employment. We want an economy which will be directed as much as possible to using Canadian sources of supply for its factories, and Canadian experts as its advisers. We want an economy which will promote research and which will lay the ground-work for our participation in the technologically developing age of the future. We want an economy which will develop in this country management skills of a high order which can be used all over Canada for the advantage of everyone.

When we consider the kind of tangled nature of our industrial society in Canada, whether the companies are owned domestically or from outside the country, we can conclude that there are deficiencies. We do not really derive from our economy all the advantages which we think we should derive.

Having said this, Mr. Speaker, the question arises whether or not the steps which we are now being asked to consider will make a solid contribution to our future. Everyone who speaks on this subject comments on the fact that we are being asked to direct our law against only one aspect of the extension of foreign ownership in our economy. That is the aspect which is described as a takeover bid from outside Canada.

I do not intend to go over all the ground which was so well covered by the minister this afternoon. However, clearly in terms of our recent history and our understanding of this matter, the takeover of an existing Canadian company by a foreign corporation appears as a most dramatic and unwelcome incursion into our economy. I think it is quite proper to enact as a law that from now on that kind of activity coming from outside should be one which would become us only where it is justified in all aspects of our national interests. Having said this, I should point out that already during the lifetime of this Parliament we have seen two vital industrial concerns protected from foreign takeover. The cases of Dennison Mines and Home Oil are fresh in the minds of many people. The noteworthy success of the actions of the Canadian government in both these cases should encourage us to believe that this law is one which can work satisfactorily for the benefit of Canada.

• (2040)

The question most often raised is, why should we stop here; why should we not go further and enact a law which would contain other aspects of foreign expansion in our economy whether by direct investment, by joint ventures, by expanding existing subsidiaries or in other ways? It is my opinion that the step we are now being invited to take is one which by all the standards of our history is an epic one. It is a departure from the previous policy of *laissez faire* toward investment in the industrial and resource sectors. It is one which, in itself, will be digested not without difficulty. It is also one which is least likely to attract attack on constitutional grounds. One must recognize that these are areas which trench upon fields of economic activity which the provinces have traditionally believed to be their own.

#### *Foreign Takeovers Review Act*

I was not impressed by the assertion of the hon. member for York South that the government habitually runs away from these difficult problems by suggesting there are constitutional difficulties. That they do exist, and that they are real no one can deny. If we were to go further at this stage and seek to embark upon a complicated regulatory scheme such as would have to be operated were an attempt made to deal with direct investment, joint venturing, the expansion of subsidiaries, and so on, we should be creating not only a big bureaucratic machine of doubtful efficacy but we should be risking constitutional challenges which might defeat a detailed attempt to regulate the economy in the national interest.

It seems to me that it is far better to proceed prudently along lines which have been well marked out and to go on, in the best Canadian tradition, to explore with the provinces areas which invite further regulation while considering the effect of this new law upon our industrial economy. Only after we have done this ought we to determine whether further steps should be taken.

In the interim, it is wrong to think that no protection exists for the Canadian economy against foreign intrusion. In areas where the federal Parliament has been paramount, protection has been provided for many years. The minister said something about this today. In areas where the federal government has undoubted jurisdiction, such as banking, finance, transportation, communications, and so on, laws and regulations have preserved the integrity of these essential parts of our economy.

In addition, we have created, as a federal Parliament, the Canadian Development Corporation which is likely to play a significant role in the re-ordering of our industry and commerce. The tax policies approved by this Parliament and its predecessors have encouraged investment in Canadian companies. Last December, for example, changes which were made in the tax laws provided, among other things, for the deductibility of interest on loans used to acquire other corporations; the limitation at 10 per cent of the amount of the portfolio of savings in pension funds which could be invested in foreign corporations; the provision that the lower tax rate for small businesses should apply only to Canadian corporations; the continuing provision that the dividend tax credit should apply only to dividends from Canadian corporations all of which will have a significant effect in encouraging Canadian enterprise.—

I do not think there are many in any quarter of this House who would quarrel with the general proposition that we could accomplish much more to the benefit of our country for the extension of Canadian control, for the prevention of harmful foreign interference in our economy by positive, constructive measures rather than by more negative prohibitions.

**Mr. Stanfield:** Hear, hear!

**Mr. Blair:** I therefore believe we should move forward to refer this important bill to the committee without delay. Knowing the committee, I am sure it will give the measure very careful study. As a member of the committee, there are details upon which I shall seek further information and, possibly, recommend changes. I believe this is forward-looking legislation and the kind of bill we should