

great deal of opposition. They mounted criticism and their rhetoric, if I may say so, honourable senators, in some cases was strident. I am not saying that in all cases it was, but from time to time it seemed to me that some politicians tended to be somewhat strident and, in this case, there is evidence of that.

Needless to say, they found some people who urged them on; people in the United States; people who perhaps should have known better, in view of their office, who spoke out rather firmly and rather actively in regard to the laws of another country. However, to a businessman who has larceny in his soul, why would he object if he could get someone who said: "Let them in; do not look at anything." Why would he object? I am not saying that all businessmen have larceny in their soul. Of course not, but there are a few.

**Senator Doody:** Perish the thought!

**Senator Sinclair:** In any event, I ask honourable senators to remember one thing and that is that FIRA gained a reputation of being unduly complicated and slow in action. It was claimed that FIRA was a real impediment to investment, with the alleged result that capital and jobs were being denied to Canadians. Honourable senators, there is no question that the FIRA bill, when it was first introduced, and the agencies which it controlled, operated at a very slow pace and its workings were complicated. However, this criticism, which was no doubt justified, resulted in changes to the statute.

● (1530)

After a few years of operating under the Foreign Investment Review Act, businesses with assets totalling \$5 million or less were given the short form of review. The attitude of the agency changed, and in latter years, particularly under the aegis of the former minister, the Honourable Ed Lumley, and under the direction of Commissioner Richardson, a significant acceleration in the handling of the applications took place, with few being refused.

Honourable senators, any look at the statute establishing the Foreign Investment Review Agency will indicate that the concept that was being espoused by the Tories and special interest groups that FIRA was in place to reject investment will be shown to have been wrong. The facts clearly show that it placed in the hands of the government a bargaining power which enabled it to secure from foreign investors concessions on jobs, on sourcing, on technology, on introduction into foreign markets, even though they resulted in competition with the parent company.

From 1974 to 1984 there was, as Senator Kelly has mentioned, significant change in the amount of control that foreign investment had over Canadian industries. The numbers show that there was a drop of 8 percentage points. That went from just over 33 per cent to just over 25 per cent. In some industries the fall was rather remarkable. In the oil and gas industry, it dropped from well above 90 per cent to below 50 per cent. Transportation equipment, while it did fall, it is still, unfortunately, around 70 per cent foreign-controlled.

**Senator Frith:** Does that relate mostly to automobiles?

**Senator Sinclair:** Automobiles and diesel locomotives.

[Senator Sinclair.]

Chemicals and chemical products are still mostly foreign-controlled. They have only come down slightly, from 80 per cent to 75 per cent.

I ask honourable senators to remember that those industries—particularly the oil and gas industry—are very critical industries. In contrast to a 10-per cent foreign ownership allowance in the case of a Schedule A bank, we have the oil and gas industry at 45 to 50 per cent. Remember always that in contrast to Canada, where foreign investment now controls about 25-26 per cent of the industrial base, the comparable figure in the United States is only 2 per cent.

Honourable senators, if you look at the bill you will see that it has a nice title: "Investment Canada" is beautiful. But honourable senators must look at the contents of the bill. The purpose of the bill is stated as follows:

Recognizing that increased capital and technology would benefit Canada, the purpose of this Act is to encourage investment in Canada by Canadians and non-Canadians that contributes to economic growth and employment opportunities and to provide for the review of significant investments in Canada by non-Canadians in order to ensure such benefit to Canada.

That is a laudable purpose, but I ask honourable senators, would that not be improved if there were only a slight addition, and that addition incorporated into the Purpose of the Act the following: A review of control arising from direct investment? That, I think, would improve the bill.

Honourable senators, under FIRA, all new investments were subject to review. All direct acquisitions were subject to review, a short review for businesses having assets totalling \$5 million or less, and all indirect acquisitions were subject to review. Under Bill C-15, new investments are not reviewable at all. Indirect investments are only reviewable if they exceed \$50 million in assets, and direct investments are reviewable only if they exceed \$5 million in assets, subject to sensitive areas, such as our cultural heritage and our national identity.

Honourable senators, how those terms are interpreted will depend on how many cases are really reviewed. What does affect the national identity? I am not sure. Does the fact that a business grows and controls and dominates in an essential area, such as transportation equipment, affect the national identity? I do not know. Those are fancy words.

Cultural heritage is a little easier to interpret, but is not easy either.

Honourable senators, the purpose of FIRA, as I have indicated, was not to discourage investment, but to direct advantages arising from investment. Criteria were established for the review. Those criteria were dependent upon a finding of "significant benefit" to Canada arising from the review on stipulated factors. Under the Investment Canada bill, the stipulated factors are exactly the same, but the basis of the review now is on the criterion of those factors arriving at "net benefit."

In another place people have said that "net benefit" gives a more open door than does "significant benefit". Although I