

*Foreign Control of Canadian Industries*

through rationalization of operations on an international basis.

• (5:10 p.m.)

At the same time, a high degree of foreign participation in Canadian industry has certain limitations and some quite serious problems. The basic problem is the exposing of Canadian industry to foreign decision-making which may not always be in Canada's best interests. Such decisions are not always against Canada's best interests but frequently they may not be in our best interests. This exposure is accentuated to the extent that foreign governments use the parent-subsidiary relationship as an instrument for solving national objectives which may not be in harmony with Canadian objectives. To encourage a positive and constructive contribution to Canadian development and to lessen the risk of restrictive and disturbing influences which can arise from external decisions, foreign owned subsidiaries operating in Canada are urged to adhere to some guiding principles of good corporate behaviour if we have any. There is quite a list of them. They are somewhat for motherhood and against sin. Having seen these guidelines some time ago and knowing the people who receive them, I think this was one of the funniest things we have done in Canada—if you have that sort of sense of humour they are not real; they have no teeth.

When Conrad Hilton moves into a country, he says, "What are your rules? What are your terms for foreign investment? Tell me what they are. I'll live by them, but don't change them on me." I think we have to tell people what our rules are. Given proper recognition of the essential ground rules, foreign owned companies will undoubtedly continue to play a major role in Canada's economic development. Canada's growth potential is great and it is expected that development will continue to proceed at a pace requiring further substantial capital resources from abroad. Even if it were possible to generate sufficient capital resources in Canada to meet our development needs we would still benefit from having foreign participation in Canadian development companies by Canadian participation in enterprises in other countries. Just as nations benefit from a flow of goods across international borders, so also the movement of capital resources internationally facilitates international specialization in the use of capital, technology, management and resources to the mutual benefit of all concerned.

This raises some fundamental question which I think we must face in this house and during this debate. First, is Canadian busi-

[Mr. Danson.]

ness to be denied the opportunity to sell to the highest bidder, domestic or foreign, even though the owners have a better use for natural resources? Is the foreign company to be denied the opportunity to assume participation or ownership even though it is in a position to provide technology, management and other forms of leadership not available elsewhere? Is foreign participation to be prevented even though it provides a form of industrial organization most conducive to the best performance with consequent benefits to the consumer and producers alike?

Given the rising expectations of Canadians and many demands for a better living, can we afford to rule out this avenue to better industrial performance? I suggest, Mr. Speaker, that we can have our cake and eat it; they are not mutually exclusive.

Professor Watkins and his committee—the task force on foreign ownership of Canadian industry, I think is the proper title—produced a report which is not radical. As a matter of fact, I think in many cases it was understated and, to quote Watkins, "if all of our proposals were put into effect, Canada would still have one of the most liberal policies toward foreign direct investments in the world. Foreign corporations are still finding Canada a profitable place to invest." I do not think that is an overstatement. My experience, which has been in business and in other countries, would bear that out, having seen what goes on there.

We are living in a far more international world; yet I do not think there is anything incompatible in a healthy degree of nationalism and internationalism. I believe we can have both. It is chauvinism that worries me, this sterile flag-waving type of nationalism-patriotism with nothing to back it up. It is much the same here, and we are perhaps oversensitive to this in Canada. Our type of nationalism is a quiet nationalism. I would suggest it is a little too quiet at times. There is nothing wrong with a greater show of our patriotism. There is nothing wrong with looking after our best interests within the international community with which we want to co-operate. It is very much like individuals who must do things to maintain their own self-respect before they can contribute effectively to the society in which they live. And this is what we must do as a nation.

We must develop our strengths. We have to prepare the strength of our economy and our industry and our society for the free trade toward which we are heading through such