

Foreign Takeovers Review Act

As barriers fall between countries, the more the economy of each country is influenced by the economy, the economic activity of its neighbours. We all know that in the field of international trade, neither Canada nor the United States can do what they want. We realized it recently when the United States had to impose a 10 per cent surcharge to settle difficult economic conditions.

Even a country as powerful as the United States, a country which enjoys just the same a greater degree of economic independence than Canada, must legislate to try to protect themselves on the economic level against the trading activities of other countries.

This clearly indicates that all countries are subjected to an interdependent mechanism and that trying to give one complete economic independence is an utopia similar to a suggestion that Canada should be changed into an Eldorado.

We know that even the rates of exchange greatly influence the economy of the free world countries and those rates are not easily controllable. For example, as a result of the government's decisions, Canadian currency varies on the international money market.

Today, I am told that the Canadian dollar is worth \$1.02 compared to the American dollar. Obviously, this does not favour our exports, but is one more proof that the thesis of economic independence is easily made.

Finally, I should like to say one word on the investment requirements of Canadians. No doubt, Canada needs now massive investments of capital.

That is obvious in Quebec and again recently Premier Robert Bourassa went to New York to try and get some capital investment in Quebec.

My colleagues who represent ridings in the Maritimes also know precisely what I mean.

We have an urgent need of capital; we need a massive injection to boost our economy which has been showing signs of recovery for some time now. We need them above all in order to reduce unemployment, particularly in the eastern provinces and in Manitoba. And we need capital to solve the problems resulting from unemployment.

When the Canadian government must make a decision with regard to foreign investments—it has had to do so recently and it is trying to have it ratified by the House—that is the dilemma in which it finds itself. On the one hand, the government must find solutions to an intolerable level of unemployment. On the other hand, some radicals ask us to prevent foreign capital from coming into Canada.

How can the two positions be reconciled? Obviously, that is impossible. And this permits our friends from the NDP to continue to preach the utopia that is economic independence and, at the same time, to accuse us of doing nothing to fight unemployment.

In my view, the Canadian electors will not be misled by such dramatic productions. They know that we need investments for economic development, to reduce unemployment, to ensure better social measures because, obviously, when our economy is in good shape it is easier to

[Mr. Guilbault.]

put such measures into application than it would be otherwise. Besides, economic independence in Canada is best assured if the economy is healthy.

• (1600)

I would now like to say a word about what I call the threat of foreign takeovers. In my opinion, such a threat to the Canadian economy, within a short, medium or even long period, is a myth.

First of all, capital, either foreign or Canadian, has no nationality. The foreign corporation investing in Canada has in mind one single and clear purpose, always the same: finding a market, a place to produce at reasonable costs and ultimately profits and dividends for the benefit of its shareholders.

Capital coming into Canada is neither Japanese, American nor Belgian. It is international and it seeks a good soil where to grow. Nobody comes to Canada to invest capital with the avowed purpose or even the consciousness that some day he will control the policy decisions that Canadians will have to take to fulfil their destiny.

Moreover—and this is related to what I said a few minutes ago—it is always foreign corporations that invest in Canada, never foreign governments. This is why the myth of control over our economy by foreign countries is a real myth.

It is never the United States of America that come here to invest capital, but independent corporations which, while they are American, do not necessarily have convergent interests. Most of the time, they are companies which do not care for the neighbouring society and which being in the same field, are often in competition and want to make higher profits than their competitive organisations which invest capital in Canada at the same time.

Mr. Speaker, I should like to say a few words about the provisions of this bill. First, generally speaking, this legislation seems to me particularly reasonable, given the set of circumstances Canada is in at present.

First of all, the legislation does have some scope, although opposition members have been trying to have us believe it is very limited. I suggest that at least concerning takeover of Canadian businesses by foreigners the legislation is quite adequate since it allows the government to screen all takeovers of companies with gross annual incomes of over \$3 million. Everyone will agree with me that a company with a gross income of less than \$3 million a year can hardly have detrimental effects on the Canadian economy in the near future.

Furthermore, the government will be able to assess takeovers of all companies with gross assets of over a quarter of million dollars and will exercise the right to look into their operations. There again, it will be admitted that a company with assets of less than a quarter of a million dollars has little chance of exercising an unfavourable influence on the Canadian economy.

Thus the legislation is adequate and covers all industries and all takeovers liable to affect substantially the course of Canadian economy, or at least the economy of the area where a foreign company plans to locate.

I suggest that the legislation, besides being adequate in the area it covers, seems reasonably flexible. In fact, the