designed to keep U.S. investment at home and to increase the productivity of their own factories instead of their foreign subsidiaries. This attempt by the United States government to keep investment at home should have been viewed with great affection by our economic nationalists, because it would mean a lessening of U.S. influence over economic activity in this country.

There is another facet of this debate which I do not think we have considered. There is an entirely different climate today from that a year ago as far as the investment of foreign capital is concerned. It is obvious that the position of the U.S. economy is considerably different from a year ago. The United States, with its complaints of trade unionists, a weakened dollar and a growing disenchantment abroad of the once respected label "made in the U.S.", is reordering its trading strength.

We then have the proponents of the Burke-Hartke bill which, if implemented, will bring an entirely new dimension to the problem that this act is supposed to solve. In Mr. Hartke's words:

> This bill would discourage American business investment abroad and limit the flow of imports into this country. We can no longer afford to export American jobs and technology at the expense of our own industry, all in the name of free trade.

I think words such as those send shivers into the hearts of businessmen, as well as their employees, who export goods to the United States. But United States business has counter-attacked and the multinationalists have argued that their overseas activities create jobs by opening new markets for U.S. goods and technology.

The hon. member for York South (Mr. Lewis), who yesterday stated that Canada does not need foreign capital, would be heartily in favour of this Burke-Hartke bill. A recent survey of the investment plans of a number of large American multinational corporations, as reported in one of the financial papers, indicated that their projected investment of capital in Canada was down from around $600 million in 1966 to $300 million in the present year. The recent fall of oil stocks was an indication of a withdrawal of U.S. investment, so perhaps the functions and duties of this review board in future will be different from the past.

The central issue of the foreign ownership bill revolves around the question of the proper role of the federal government. The government and its supporters are consumed by a fear of engulfment and have resorted to a defensive Maginot line posture which in a dynamic world will inevitably be outflanked.

Canada with 22 million people is in the middle of 500 million producers and consumers in the advanced economies of Japan, the United States and the European Common Market. The arguments against foreign takeovers are emotionally appealing but economically unsubstantiated. Our economy is characterized by the rapid spread and progressive development of enterprise which demands efficiency and flexibility if we are to compete in world markets. Certainly, too, the tax legislation of 1971 operated in the wrong way by penalizing subsidiaries of Canadian companies through preventing them from sharing in tax concessions granted by foreign host countries. This measure will not produce any benefits if it has the effect of cutting off the whole flow of investment funds with all that would entail.

[Mr. Ritchie.]

• (1630)

The arguments for ensuring the Canadianization of the ownership and management of our enterprises rests on the doubtful assumption that it is the function of shareholders, directors and management, rather than parliament, to see that business is conducted in the national interest, and to ensure that Canadian ownership is sufficient to guarantee confidence and devotion in that endeavour. It is difficult to understand how one will become more efficient by ensuring Canadian control of share ownership. It seems likely that some Canadians will lose by being prevented from selling their business to the highest bidder, regardless of nationality.

It is almost certain that by eliminating the possibility of foreign takeovers, many Canadian companies will lose their bargaining power and they could be taken over by large Canadian enterprises at depressed prices. The best way to ensure the promotion of the general welfare is to compel the existence of effective competition in the market for goods and factors of production. Restrictions on foreign investment makes far less sense than making sure that all businesses operate in accord with Canadian interests.

Mr. Speaker, in attempting to control and monitor foreign investments, we are in effect setting up another bureaucracy to control private business. I use the phrase "private business" advisedly because, with the thousands and indeed millions of investors in some of the large corporations, they are in themselves almost small nations, albeit of a multinational nature, but the government will be setting up a bureaucracy in Ottawa which will mean that for every business sale the seller will have to ascertain whether or not the proposed sale meets with the approval of the screening agency.

Much of the impact of this legislation will depend on how the act is to be administered. There are many small businesses, including farms, that will be affected by this legislation. And then, of course, the onus is on them to ascertain whether or not the proposed sale of a particular business is to a foreigner. This screening committee will be a body in Ottawa that could have a great deal of influence and could become a bureaucratic nightmare when it is carrying out its functions. To the bureaucracy will be given the task of deciding whether a foreign takeover or a new business will increase the level of economic activity in Canada, including employment. This is almost a motherhood statement and I would think that every takeover or new business could be so classified.

Then, we must consider the degree of Canadian participation in an industry or the degree of productivity, efficiency and so on. The fourth factor is the effect of the proposed investment on competition within Canada and, finally, there is the compatibility of the investment with national industrial and economic policies, including those enunciated by the provinces.

Mr. Speaker, this is quite a tall order because the members of the board will have many variables to assess. I suggest that the senior members of this board, sitting here at Ottawa, will have a difficult time in deciding, with the