

*Investment Canada Act*

was developed in Canada with assistance by the Canadian Government. The back-up technology to develop that combine is in the Brantford area, and those back-up agencies and small businesses would be lost if this technology is permitted to leave the country. This is very likely to be the case if we pursued this new policy which the Government is proposing.

● (1200)

I would point out to the House that during the committee hearings the Science Council of Canada pointed out that it is very common in the Canadian experience for smaller, high technology companies, those companies with a high component of brainpower and expertise but not much capital, to be raided and bought by foreign corporations. They take control of the company and, sometimes within a few months, often within a few years, the employees have been transferred closer to the head office of the new owners and the research and development component in Canada is shut down. We are not only losing jobs, we are losing a lot of the brainpower and training from our universities and training institutions. We are also giving up an opportunity for employment in Canada for graduates from those institutions. We see it as extremely important for this particular amendment to include these high technology firms so that they continue to be subject to review by either this agency or some other agency of the Government.

I am told that the Canadian Advanced Technology Association expressed great concerns about these take-overs. It was not just the Science Council of Canada who, I remind the House, is responsible for proposing science policy for Canada. As part of that role, it saw great danger and future damage to the hightech and scientific communities through this particular Bill. But the Association also pointed out that take-overs would probably continue and accelerate, as had been the case prior to FIRA being introduced. They, too, recommended that there be some sort of review process so that we would not find ourselves being raided by large corporations from outside the country who are after our brainpower, and who quickly drain off the small high technology companies which succeed in Canada, simply as a means of augmenting their technology as a large corporation.

As well, I am told that recently statements had been made by a former chief executive officer of the Philco-Ford Corporation which described in some detail the deterioration of the research component of Philco after Ford had taken it over. We have seen that corporation move most of its research component to the head office in the U.S. and there is no longer any Canadian component to that operation. Even though there had been a very firm and useful robotics operation begun in the Canadian component of this corporation, that has now been taken away and is being done in the U.S.

I just wanted to show the House that there were a few very real examples of what happens when Canada does not provide a review process to make certain that foreign take-overs of our high technology corporations do not result in those operations no longer being operative in Canada. When those requirements

are not part of the law, we lose technology, jobs, information and the potential for future growth.

**Mr. Rod Murphy (Churchill):** Mr. Speaker, I, too, would like to speak in favour of Motion No. 2 put forward by the NDP caucus in this House. With the limited time I have to speak, I do not want to go through the whole motion but it is intended to clarify the legislation. The clarification concerns technology and the appropriate terms and conditions established by the Government for the benefit of Canadians.

What we are saying is that the Government of the day would be in a position to set terms to make sure that investment benefits Canadians. That is a natural right of government and it is expected that government would do that. Before a foreign-owned firm buys out a Canadian operation, the Government would be able to say that there should be certain benefits to the Canadian populace, and some mechanism for the Government to make that sort of decision. I do not believe that even under the present system involving FIRA we really look very carefully at foreign take-overs of Canadian firms. It is interesting that almost every application which comes before Cabinet under FIRA is approved. We have heard in the past that the reason for that is that the very concept of FIRA scares away foreign investment in Canada. That might be the belief of some people, but we also have to look at the real situation here. What other nation has so much of its manufacturing industry owned by foreigners? What other country has the majority of its oil industry owned offshore? To save time in this debate, what other country is owned as much by foreigners and foreign-owned companies? I believe this has had a real detrimental effect on the development of Canada.

The very nature of a foreign-owned corporation is such that they have their own corporate strategy, their own goals and plans for the future. That is quite right and exactly what they should be doing. I would think that a board of directors based in New York is going to have concerns different from a board of directors based in Toronto, Winnipeg or, hopefully some day, in Thompson, Manitoba. That is the nature of the beast. But what we are saying through the amendment put forward by my colleague is that we think the Government of Canada should review those applications with a certain strategy in mind. That is not to say that the Government of the day is not going to have a different set of priorities than we as the NDP in government would have. But they would still have that right. They would still be able to put forward regulations and certain guidelines on development which obviously a Party of a different political persuasion would not have. But you would still maintain that right and I think that right is very important.

A Member of our caucus, the Hon. Member for Humboldt-Lake Centre (Mr. Althouse), talked about research and the damage there could be to Canadians if new Canadian firms which had advanced research were bought out and the research was then taken to an American or European-based corporation. That is what happened with Philco when it was acquired by the Americans. A lot of the research that used to take place here is no longer taking place here.