

rowings. The justification for such a subsidy of private firms is said to be the benefit that such firms provide the country through the special money market they support.

That is all very well, Mr. Speaker. I am not at this time challenging the necessity and operation of such a system. But I am asserting the vital necessity of assuring ourselves that the control of such firms is always in Canadian hands.

The government has not done this in cases like Royal Securities and they still show no great willingness to see that it does not happen in the future. Indeed, they will not even assure us that they will stop what amounts to public subsidies going to this firm if it passes out of Canadian hands. I am sure we will be very deeply interested in the statement the minister is going to make a little later, and I really feel he should not delay any longer. What seems to be needed at this point is a special inquiry into these institutions, perhaps by a committee of this house or, if this seems inadvisable for various reasons, at the very least by a special study group, so that we can make a careful, considered judgment as to which and what kinds of economic and financial institutions have this critical role to play in the direction and functioning of the economy.

I have mentioned two principles, Mr. Speaker. I would like to deal with a third one. Takeovers by foreigners of Canadian corporations should meet a set of tests to demonstrate whether Canadians are likely to gain any real benefits from such a development. I have in mind tests like:

1. Does the takeover and change in control mean Canada will get significant amounts of new capital to develop our economy and create more jobs for Canadians? If it just amounts to card shuffling by the money-changers, then I see no good reason why we should put up with it.
2. If there is no new capital, is there any meaningful new technology to which we gain access? If so, what will be its impact on Canadian employment and productivity?
3. Will modernization of management or its replacement accompany the takeover in such a way as to increase the company's contribution to this country's economy?

If the takeover bid fails to be persuasive on any of the earlier points, I would suggest that fourth, a distinct and assessable benefit to the Canadian taxpayer and consumer be demonstrated before such takeover is permitted.

Some of the critics of foreign corporations' activities in Canada are fond of devising all

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kinds of economic gimmicks to deal with that foreign activity. Much of it, indeed most such gimmickry, is misconceived and miscarries in its objective. We must stop harassing foreign capital just because it is foreign; that is simply not good enough. We need foreign capital, foreign technology and foreign knowledge. We need them if we are ever going to deal with the economic inequalities and the continuing unemployment that continue to hamper the achievement of real social justice in Canada. I agree we must deal with foreign capital with our eyes wide open. But let us avoid the gimmickry, the jerry-built solutions, the cute but ineffective taxation dodges.

We should remember two things. First, for every foreigner that buys control of a Canadian company, there is one and often many more Canadians who voluntarily choose to sell, for example, a Canadian who was offered a better deal by the foreigner than he could get anywhere in this country. If we restrict the foreigner, we restrict the Canadian too.

Another point to remember is that ownership of the largest block of shares in a company is one thing but control is a political as well as an economic concept. No government needs to let foreigners control this country through the economy. All it needs is the good sense, pride in our country and the determination to maintain solid political control over a unified, growing and expanding country.

Unfortunately, Mr. Speaker, when I look at the performance of the gentlemen opposite, when I look at the sorry record of this government over the past six years, I lose all confidence in its ability or even its real desire to deal with our economic situation in a competent and responsible manner. I have no confidence that this government is even studying the situation very seriously. Indeed, I see every indication that in this area, as elsewhere, they are ready to play the game of constitutional pass the buck once again. It is one of the things they do best. Consequently, it seems to me that hon. members can have no alternative but to support the motion as proposed.

[Translation]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, the motion introduced by the hon. member for York South (Mr. Lewis) reads as follows:

That this house condemns the failure of the government to provide policies to prevent further financial institutions by foreign corporations, thus