

Foreign Takeovers Review Act

takeover bid, it is obvious that some alternative purchaser will have to be found by Canadian industry. An obvious candidate for this role is the Canada Development Corporation. However, while the screening process will take into consideration the fate of companies with a mere \$250,000 in assets, the Canada Development Corporation can only look at those with \$1 million or more in assets. So, there is another little gap there.

When we on this side of the House asked whether legislation was going to be drafted to close this gap between the amount of assets established under the screening legislation and that under the Canada Development Corporation legislation, we were informed by the government that it had no plan to amend the Canada Development Corporation legislation. These kinds of omissions, and the government's failure to amend the legislation complementary to the bill that is now before the House, lead me to suggest that the screen that the government is holding up is so full of holes as to be totally useless. It is a big zero.

What action is needed to regain control of our economy? I think it would be worth while to spend a moment or two to reiterate some of the points made by my leader on December 9 in this House. He spoke about the problem of foreign ownership and referred to the minimal action that is required to be taken immediately to reduce or eliminate the current danger to our sovereignty and independence. The hon. member for York South (Mr. Lewis) put forward a ten point program before this legislation was introduced. First, he suggested the establishment of a screening or control agency with the power to limit takeovers and the further expansion of foreign ownership and control, including both expansion of existing foreign-owned companies in this country, and new direct foreign investment. The hon. member said that unless the agency has the power to limit further foreign expansion in Canada, it will be a toothless exercise. I suggest that is what we have here, a screening agency with no real power to be effective since it excludes so many of the safeguards that are important to a screening process.

Second, the hon. member for York South recommended the revamping of the Canada Development Corporation to meet the need for an alternate source of investment capital. Investment funds could be drawn, he said, from the reserves of financial and other corporations as well as from voluntary investment by individual Canadian citizens. He said that that was one means of obtaining from within Canada the capital which many people argue we must obtain outside the country.

The third point he made was that the Canada Development Corporation should be given a mandate to invest in new industrial development as well as to buy existing multinational corporations. There is a huge gap in Canadian industrial policy. The government has been unable to respond to the need for capitalization by those Canadians who have discovered new technology. Because the government has not had legislation to enable it to respond to such need for development capital, many of these people have been forced to go south of the border to find that capital, and as a result we have lost the technolo-

[Mr. Rowland.]

gy. The Canada Development Corporation is the logical place to find this sort of capital, and therefore the legislation should be amended to ensure that the CDC is capable of supplying it.

The fourth point made by the hon. member was that the Canada Development Corporation should be authorized to engage in heavy expenditure on research and development.

The fifth point my leader made on December 9 was the need for the Canada Development Corporation to expand the public sector of the Canadian economy. It is the public sector, we can be absolutely sure, that will not fall into foreign hands.

He advocated as a sixth point, a program of rationalization and specialization in Canadian manufacturing, both to meet more of Canada's domestic needs and to change trading patterns away from a single, predominant market.

His seventh point was the immediate establishment of a government export agency with power to ensure that all corporations in Canada promote trade in accordance with Canadian law and policies, and that they do not submit to foreign laws and policies. We have had a number of examples of the need for this kind of trading corporation in the past. I recall an order being placed by the Soviet Union in Canada for the purchase of flour destined for Cuba. Some of the milling companies that tendered to supply this flour under contract eventually backed out because they were United States subsidiary plants and were afraid of the effect that their engaging in this contract would have on their parent company under the provisions of the U.S. trading with the enemy act. Another example was when the People's Republic of China attempted to buy Ford trucks and parts from Canada. It was the fear of the effect of the U.S. trading with the enemy act on the parent company which prevented the Canadian subsidiary from meeting that export order.

The hon. member for York South advocated as an eighth measure, which is required immediately to eliminate or reduce the danger to our sovereignty that is inherent in foreign control of our economy, the establishment, in co-operation with the provinces, of standards of resource planning and development, and requiring the processing of raw materials in Canada.

He advocated as his ninth point increasing public investment in resource industries, through public ownership or through joint participation with private corporations, as the most effective way of regaining control of our energy and mineral resources which are now mainly in the hands of multinational corporations and world cartels.

Finally, the hon. member advocated a policy that requires full disclosure of facts before any shutdown of a plant is authorized, so the government could take over plants threatened with shutdowns when their operations are economically sound and socially useful. We all recall what happened at the steel plant at Sydney, Nova Scotia. A multinational corporation decided it was no longer in its interests to keep this plant open and was quite willing to see hundreds of men in Canada thrown out of work. Such an event was of no concern to it. Then, the govern-