

*Foreign Takeovers Review Act*

I should like to deal with this matter firstly on the basis of whether or not the proposed amendment is in opposition to the principle of the bill. With respect, I do not find that it is. The title of the bill is "An act to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons". I think I would fairly describe the proposed amendment and the argument of the hon. member for Winnipeg North Centre if I were to say that he is proposing another way, an enlarged or different way, in which to achieve the same objective and also to do other things. If this is the case—and I believe it is—I do not think he is opposing the principle of the bill but is suggesting another way in which the objective of the bill might be obtained. On that basis, I would have to say that I cannot accept the proposed amendment.

The parliamentary secretary raised two more points. I agree with his first point that the proposed amendment does seem to go beyond the scope of the bill. It not only suggests an alternate way of dealing with the matter which the bill attempts to deal; it also suggests that the independent review body would deal with other matters as well. I mentioned before the expansion of foreign owned corporations already existing in this country which is referred to in the proposed amendment. It would seem to me that that provision goes beyond the scope of the bill before the House.

If I may deal with the third point for the record, it was argued by the parliamentary secretary that this proposition would involve the expenditure of funds. I would agree with the hon. member for Winnipeg North Centre on this point. The amendment is merely asking the government to give consideration to such expenditure, and that is all. However, that is not the point on which my decision turns and I refer to it only because both hon. members who argued the case referred to it.

For the two reasons I have mentioned, I very much regret that I cannot accept the proposed amendment as a reasoned amendment that comes within the rules.

**Mr. Gordon Ritchie (Dauphin):** Mr. Speaker, in speaking in this debate on foreign ownership I should like to put forward some ideas of my own on the problems involved in this issue. It seems to me that one of the most important facets of foreign ownership and control of the Canadian economy is to have some clear idea of what the different types of foreign investment are and their effect on the Canadian economy. Government statistics indicate that Canada's liabilities to foreigners as at the end of 1970 amounted to a little over \$49 billion. However, only half of that sum was foreign investment in companies controlled by non-residents, including overseas owners as well as those in the United States. The rest consisted of financial investments by non-residents in stocks of Canadian companies, bond issues of Canadian governments and corporations, and short-term investments. Certainly this part of foreign investment in Canada does not represent ownership and control in any sense.

I should like to look at some aspects of this particular half or portion of foreign investment. The present NDP government of Manitoba has been a large borrower in the United States market since it came to power. Its premier, Mr. Schreyer, had only been in office a couple of weeks

when he found it necessary to go to New York to arrange a loan. Just this week German financial interests made a loan to the government of Manitoba, which presumably was just a roll-over. This is an indication that the province of Manitoba needs foreign money to carry on its business affairs.

This morning the *Montreal Gazette* reported that the New York market had raised a loan of \$150 million for the government of Quebec. This loan was defended by the premier of that province as being necessary and useful to the province. The James Bay project, with which the province of Quebec would like to continue, demands a \$6 billion investment, probably even more, and it is considered there is no way that this money can be financed, given the present state of the Canadian economy, within Canada. Without these borrowings by various provincial governments, the provinces would not have been able to proceed with the building of these schools, hospitals and highways at anything like the volume we currently enjoy. I do not think there is anyone in this House who would be willing to say the provinces should have been curtailed in their borrowing rights if that had meant a reduction in any of the social services our people enjoy. Indeed, it is well recognized that the federal government has been most adamant in forcing on the provinces a high level of social services.

• (1650)

Recently, there has been an inflow of capital into Canada for mortgage loans for residential buildings. Certainly, in this case ownership and control remains in Canada. When it is considered also that Canada has abroad \$21 billion worth of investment, this helps in turn to off set the flow of capital into Canada and bring us into balance. If you subtract the \$21 billion from \$49 billion, you get to the stage where we have a net imbalance of \$28 billion. It is perhaps not so bad, when you consider that our gross national product is approaching \$100 billion a year, to have a net deficit of \$30 billion. That is not so great considering the immature state of development of our economy.

For instance, the recent tax legislation goes further in the way of limiting foreign securities that Canadian pension funds can buy, presumably on the philosophy that savings which are available for investment in stocks should be bottled up in the Canadian market. Canada wants to keep this money at home, but at the same time wishes to obtain free access to the United States capital market. We have indicated this in many ways, particularly in respect of borrowings for Canadian provinces. In some ways it seems to me we are kind of wanting to have it both ways. We want free access to the New York market but we propose to limit the access of Canadian capital to the U.S. market. All this makes for a certain amount of trouble.

It seems to me, whether we like it or not, United States investment is one of the principal vehicles of technological progress we have available to us. The hon. member for Waterloo (Mr. Saltsman), who spoke just before me, mentioned that his study showed Canadian manufacturing was superior to manufacturing by foreign-owned companies. If that is so, it seems unusual that we have one of the highest tariffs in the world to protect our manufacturing industry.