

Investment Canada Act

[English]

The Hon. Member for Yorkton-Melville (Mr. Nystrom) has a question?

Mr. Nystrom: Yes, Mr. Speaker, I have a question for the Hon. Member for Glengarry-Prescott-Russell (Mr. Boudria). I was pleased with the remarks that he made about the need for FIRA and the fact that he is an economic nationalist and wants to be—

[Translation]

—masters in our own house, in our own country.

[English]

I agreed very much with him and am glad he is taking that position. Hopefully he will have some influence on the Government across the way. I want to ask him whether or not he was disappointed with what was happening to FIRA under the previous Liberal Government.

Mr. Hnatyshyn: They butchered it, you're right.

Mr. Nystrom: The Hon. Member for Saskatoon West (Mr. Hnatyshyn) whom we in Saskatchewan call "Red Ray", by the way, and who is one of the few red Tories left, has said that the Liberals have butchered FIRA. That really sums up what was done under the previous Minister of Industry, the Hon. Ed Lumley, a very good friend of mine.

The Hon. Member referred to the Gray report as being good and substantive. Over the years, a number of Liberal Ministers seemed to interpret the regulations in a very tough and positive way and in more of an economic nationalist way. However, in the last three or four years, we have seen FIRA'S teeth pulled and the old hound dog was left with just a few old teeth. I am wondering whether or not this has disappointed the new Hon. Member of the House because he seems to be taking a much tougher stand than the one taken by the previous Liberal Government. Was he critical of the approach that it was taking? Does he agree with me that one reason the Conservative Government can now get rid of FIRA so easily is that the Liberals had already started down that path in any event?

Mr. Boudria: Mr. Speaker, the Liberals had no intention of dismantling this agency. The Liberals, of course, created FIRA. Some people say that the Hon. Member's Leader did not say that our Leader was very supportive of that agency. We know, of course, that we had to modify it. We know that in the last few years during difficult economic times, we sometimes had to adjust our policies. It is a delicate balancing act. However, to go from there to the position of the Government opening the door and letting anything in, whether or not it is beneficial to our country, is a far different story. That is not the kind of policy for which the Liberal Party stands.

We want the protection of our Canadian industries. We want to own a substantial portion of them ourselves. Foreign investments are welcome, but they must be in the best interests of our country.

Mr. Dorin: Mr. Speaker, I would like to make a comment on the Hon. Member's speech. I would like to try to answer one of the questions he raised during his speech, and that was, how foreign investment affects interest rates in the country in a positive way. I would like to try to explain that to him and to point out to the Hon. Member for Yorkton-Melville (Mr. Nystrom), who unfortunately is leaving the Chamber, that I think it is very clear that the reason the Liberals were unable and chose not to enforce the laws—

The Acting Speaker (Mr. Paproski): Order, please. I would appreciate the Hon. Member directing his question to the Hon. Member for Glengarry-Prescott-Russell (Mr. Boudria).

Mr. Dorin: The comment that I have is simply in explanation to the Hon. Member's question regarding interest rates. As the Hon. Member knows, interest rates in this country are affected by United States interest rates. If there becomes too large a differential in rates, equity on capital flows from this country to the United States. In fact, having equity capital inflows balances off, to some degree, and puts upward pressure on the Canadian dollar. This allows the Bank of Canada some room to manoeuvre in terms of interest rates and in terms of maintaining a lower interest rate structure.

I would point out that since 1980, in excess of \$30 billion of equity capital has left the country, causing problems for the Canadian dollar and forcing the Bank of Canada to respond by having abnormally high interest rates. I would point that out as the answer to the Hon. Member's question.

Mr. Boudria: Mr. Speaker, that was a very interesting lecture on economics given by the Hon. Member. However, I am sure you would agree with me, Mr. Speaker, that having more United States companies in Canada when there are high U.S. interest rates cannot lower interest rates in Canada. That assumption is absolutely preposterous. Those companies get their money from the U.S. capital market at those same high interest rates. The theory that we can lower interest rates in the country in proportion to what they are in the United States by getting more money from the United States comes from a school of economics that only that Hon. Member can understand.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated.

Mr. Ernie Epp (Thunder Bay-Nipigon): Mr. Speaker, when I rise to debate a Bill like this one, I feel that the work I put in this past summer to achieve the opportunity to speak here was fully justified. In the development of the Canadian nation, consideration of a Bill dealing with how foreign investment might come to Canada and what its consequences might be is of the most enormous importance in determining what kind of country we have now and how the nation will develop in the future.

This afternoon, particularly in view of the limited time before us, I would like to consider first of all something of the development past that has brought us to this position. It is an