

Foreign Takeovers Review Act

• (1530)

In the population of firms in Canada we may say we control 50 per cent of manufacturing, but the 50 per cent we control are the small and medium-size firms. The 50 per cent controlled largely by foreign capital are part of the largest sector, and these are the firms that can invest \$10 million or \$20 million and can writeoff such expenditures from capital equipment rather than the profits they make on the Canadian consumer market. In other words, we are digging the pit deeper and nothing in this legislation is in any way going to reverse that.

What we have to come to grips with, and this was quite clear at New York University, is the fact that there are a great many people in this world, including those in Japan and the Common Market, and obviously in the United States, who are convinced that the only way in which a nation can obtain growth is by the use and encouragement of multi-national corporations. They recognize there is growing resentment around the world to activities of such giants. Who do they blame? They blame the people who feel insecure and disturbed because of this.

We hear from distinguished economists such as Charles P. Kindleberger of MIT who says:

International firms stimulate the development of international policies. They leave less room for the independent, idiosyncratic, law-unto-itself national state.

That is what this House is all about.

Raymond Vernon, the distinguished Harvard professor, states:

The basic asymmetry between multinational enterprises and national governments may be tolerable up to a point, but beyond that point there is a need to re-establish balance through accountability to a governing body multinational in scope.

This is what this bill talks about, multinational enterprise being a firm which operates in one country and wants to cross over into your country. Here we have a law for corporations that permits such institutions to live in perpetuity. No one of us here is immortal, and even this institution reviews itself, perhaps for the better, every four years. Every institution we can think of is accountable in some way to somebody except that institution called a corporation, and because a corporation has conquered time, the institution of corporation now wants to conquer space. It wants to be able to go anywhere. It is a kind of pantheism. When it tries to go forward it runs up against a resistance of bodies exactly of the kind we have here in this House today.

Let me get a little closer to the problem. George Ball, a name we know well, in an article referring to the importance of being stateless, that is an international corporation being stateless and subject to nobody, not even its own government, says:

An international companies' act, as I see it, has intrinsic merits. It offers the best means I can think of to preserve the great potential of the world corporation for expanding.

What is he trying to say here? I suggest he is referring to an attempt to create a supranational authority, with a charter that would be granted by the United Nations, which would be above the activities of the different national assemblies across the world. This search for a supranational state is a logical development we are pres-

[Mr. Kierans.]

ently going through. This is an attempt to place what we could call a cosmocorp, whether it is a multi-flag, multi-branch, multiinternational or multinational authority, beyond the reach of politics, making it above politics, or making it apolitical.

I will admit that corporate planners may be able to do things better. There is no doubt that they have accumulated in their hands greater resources; capital, technology and even management skills, and they can apply this to given operations, but they cannot decide for a people how their nation's resources should be allocated. That is what a House like this is all about. It is politics that defines what the inhabitants of a state think are the problems that should be solved rather than the multinational corporations, no matter what their claims are to a superior technical nature.

I agree with a free flow of international capital. As an economist I agree with this just as I agree with free trade of goods and products. What is also being advocated today with the free flow of international capital is the idea of a free flow of ownership and property rights. This is a completely different thing.

The United States was built on a free flow of international capital, mainly from the United Kingdom, but there were no property rights involved. This capital was in the form of loans, debentures and bonds to enable the United States to get going, but the ownership, control and equity in the future growth of the United States remained in American hands. This is the kind of consideration we have to give to an over-all strategy in order to come to grips with the problems facing this country.

I have my grave doubts, too, about a great deal of the claims made for this sort of institution. The bulk of investment funds does not come from capital markets, it comes from the consumer; the dollar that you and I pay for whatever product we buy. Some 80 per cent of new capital expenditures are financed by profits retained out of that dollar bill. They are financed by depreciation allowances, accelerated investment allowances, double depreciation and depletion in the case of mineral resources. These are the things that enable corporations to accumulate the money they invest tomorrow.

The actual investment of these funds is determined not so much by what the consumer wants or what the consumer needs, it is determined more with an accent on the growth that the corporation direction wants or for which it is searching. These are the funds that count. It is not the salaries and wages corporations pay in a certain locality or riding that are important. They are important in a limited way, and deadly important to the people who are employed, but the people who are so employed could also be employed by a wise and expansionary government policy doing things that are perhaps more satisfactory to the consumer. The money that is paid the employee is not nearly as important as the money that is retained. These are charges against the dollar for distribution, for royalty fees, for management fees and for research and development, all paid for by the consumer. The profits are made and used to reinvest for research and development, technology, plants and equipment for tomorrow. If you cede this for the whole future direction you give up not only ownership rights to your economy today, you give up