

*Foreign Investment Act*

cannot be regarded in isolation, and should not be looked at as a problem in itself but, rather, should be considered in the context of a new national policy, or as the former federal minister of industry, trade and commerce phrased it, of industrial strategy that takes into account the divergent needs of the various regions of Canada.

It is interesting to put on the record the results of a recent select survey, done by the Atlantic Provinces Economic Council which put the following proposition to its membership:

Indicate the importance which should be given by provincial development corporations, in assessing firms:

- Ownership within Canada;
- Ownership within the Atlantic provinces
- Ownership within the province.

To summarize briefly, practically all who replied indicated either directly or by implication that Canadian ownership was important. I wish to indicate emphatically that the people of our underdeveloped regions are not concerned merely about the grave issue of foreign domination of our economy, important though that is. As well, they are concerned about their personal welfare. Their experience in dealing with the federal government has given rise to real concern with respect to the implementation of this type of legislation. They will be concerned unless they are given a maximum chance for input and a consultative function.

However, I want to say again, that this legislation, particularly if the government will be reasonable and consider amendments to modify its approach, is at least a beginning, and to that extent the government is to be commended. Let me quote an old Chinese proverb: "Longest journey begin with one small step"; and another, "A bad beginning sometimes makes a good ending."

There certainly is no doubt that there is a need for a new policy for national development of Canada. A proper policy would help to fill a vacuum which certainly now exists, and this government will have to take a great many positive approaches to stimulate Canadian development to supplement the rather negative, unimaginative and bureaucratic approach exemplified by this legislation.

The position assumed by the government of Quebec with reference to this legislation is interesting indeed. This province has always been very conscientious in protecting provincial prerogatives, while at the same time extremely sensitive in claiming its full rights under Canadian confederation. In the presentation from Quebec it was stated that, while it was not the intention to make the distribution of powers between the two levels of government in economic matters the sole criterion for evaluating Bill C-132, the government of Quebec nevertheless considered that this bill related, to a field of jurisdiction which largely entailed responsibilities which it had, in fact, assumed to date. "Is it not a fact," said the Quebec presentation, "that Quebec's power in the development of natural resources, regional development, transportation and communications, would be directly affected by the proposed legislation?" Quebec, therefore, considered it inopportune for the federal government to give itself jurisdiction by legislation governing foreign investment

as such, without formally acknowledging the need to secure the agreement of the provinces concerned.

But even disregarding this question of the timeliness of such federal intervention, the Quebec position went on, it remains that, to be acceptable to Quebec, any bill should explicitly recognize the regional economies and respect provincial jurisdictions. It is with such considerations in mind that some amendments standing in my name will be brought forward. Once more we see manifested the very justifiable concern for provincial consultation and input, as put forward by Quebec, which has always played an active role in this regard.

For example, within their own jurisdiction, consider if you will the concern manifested by provinces over the ownership of land by foreign interests. This is, of course, outside the purview of the legislation we are discussing today. But it is interesting to note that provinces in eastern Canada have already taken steps to control land use by outside interests and are concerned philosophically about this whole question.

For my part, Mr. Speaker, I would prefer to see foreign control of our economy regulated and controlled by a more positive approach. Instead of approaching this matter by the introduction of an act entitled "The Foreign Investment Review Act", the government, to my mind, should approach this matter by introducing legislation which might be called, instead, "The Canadian Development Incentive Act". This would be more in keeping with the aspirations of Canadians in the latter part of the twentieth century and would be better oriented towards world trade patterns. Rather than see us take a negative approach, I would prefer seeing us adopt selective tax policies to favour Canadians and Canadian companies. These would include a more flexible policy of tax credits and capital gains as well as other tax modifications, in order to give Canadians an advantage in their own land and not fetter them in competing with strangers in their midst.

It is shocking to see that, despite attempts to cure the inequities from which Canadians suffer, compared to foreigners, in doing business in their own country, this government refuses to press on with the removal of these paradoxes while at the same time seeking to restrict foreign investment. Surely, one policy must complement the other. There is not much use in locking the door and leaving the window open, or vice versa. I. H. Asper, a noted tax authority as well as a power in the Liberal Party of this country—

**An hon. Member:** Some power.

**Mr. MacKay:** An hon. member says, "Some power". Nevertheless, he is a prominent politician, and certainly, he is a very good tax consultant. He pointed out emphatically how a recent federal court decision exposes Canada's paradoxical tax policy towards its people. The effect of the decision was to give, under our existing tax law, much better treatment to associated companies whose only inter-corporate link is with a non-Canadian company, to which the Canadian tax act does not apply.

Mr. Asper comments as follows:

The law is now inequitable. If an American family business structured in this fashion pays approximately half the tax that would be paid by a Canadian family operation set up in the same