

ownership of our economy. It was, rather, nothing more than a scheme for screening foreign takeovers of Canadian industries, and an unworkable scheme at that.

Boiled down to its essentials, and it doesn't take much boiling down, the legislation provides that each time a foreign-owned corporation wishes to purchase a Canadian firm possessing more than \$250,000 in assets and doing more than \$3 million in business, that fact must be reported to the Department of Industry, Trade and Commerce. The department is then, on the basis of criteria as yet undisclosed, to determine whether or not a takeover would be in the Canadian interest. If it is deemed to be in the Canadian interest, the deal can go through. If not, it can be stopped, though an appeal procedure is provided. That is the essence of the legislation. The half a loaf brigade, and there are many on the other side of the House, may say: Granted, it does not do much, but it does do something; it will prevent the takeover of Canadian firms by foreign corporations, and that is a gain. Anyone who takes this view is badly mistaken.

First, one should remember that the legislation is not designed to prevent takeovers as such, but only to prevent those which are not considered beneficial to Canada's interests, whatever that may mean. Second, the agency selected to determine whether or not a takeover is in the interest of Canada is not the independent screening agency advocated by the Standing Committee on External Affairs and National Defence in its report on Canadian-United States relations, or by the Watkins Report. It is, rather, the Department of Industry, Trade and Commerce, the department which for the past decade and a half has been the major architect of placing Canada in the position of finding more of its economy foreign-owned than that of any other developed nation. Third, the minister whose responsibility it is to supervise the screening, the Minister of Industry, Trade and Commerce has stated categorically that the purpose of the legislation is not to restrict foreign investment but, rather, to ensure that Canadians derive greater benefit from it.

**Mr. Pepin:** I said "mainly"; read my speech again.

**Mr. Rowland:** The minister said, in effect, in a very charming way—I am paraphrasing: what I think will happen is that if we examine a deal and it does not seem to offer much to Canada we shall call the principals involved in the takeover together and tell them it does not offer very much, that we do not think highly of the deal. This having happened, rather than have the deal set aside, the principals will pull other cards out of their sleeves, and make additional offers.

**Mr. Pepin:** Read page 2634.

**Mr. Rowland:** I have done so.

**Mr. Pepin:** Well, read it again.

**Mr. Rowland:** When you look at the factors I have mentioned, is it any wonder that a United States businessman, informed about the provisions in this legislation, should have made the comment: Now, we can all roll over and go back to sleep.

#### *Foreign Takeovers Review Act*

I have dealt with some of the errors of commission in the legislation. The errors of omission are too numerous for them all to be mentioned individually, but it is important to note a few. First, the legislation contains no provision to deal with takeovers which may be arranged between the time the legislation was announced in the House and the time it becomes law. Moreover, spokesmen for the government have revealed in the House through their responses to questions that there is absolutely no intention of employing other means of restricting takeovers until the bill becomes law. So in the next few weeks, or months, however long it takes for this bill to become law, we can expect takeovers to be successfully negotiated at a highly accelerated rate.

Second, the legislation does not provide for the screening of new direct foreign investment in Canada, that is to say the establishment of new companies as opposed to the taking over of existing Canadian ones. Nor does it provide for the screening of projects to expand existing foreign-owned industry in Canada. These weaknesses and shortcomings were outlined in the *Canadian Forum* version of the Gray Report. The actual statements concerned were quoted by my leader in reply to the minister's statement on this subject. I shall not read the exchange now, but I refer hon. members to page 1831 of *Hansard*. That same report, as published in the *Canadian Forum*, said in one sentence what I am arguing in this regard right now. It said that failure to screen projects for expansion into new industries could lead to easy circumvention of the screening process. This is why, if the screening process is to work, it must not only deal with takeovers of existing Canadian firms but with the expansion of foreign corporations already established. Otherwise, the legislation can be easily circumvented. So the legislation before us is entirely useless, or, to put the best construction upon it, of very little use.

The fact is that the policy announced by the minister in this bill has nothing to do with the expansion of existing firms into new areas and new industries. It has nothing to do with direct foreign investment coming to Canada, and it does nothing to increase Canadian ownership in any of the areas with which we are concerned. In short, the legislation will not work even in the narrowly defined areas in which it is designed to operate.

Another error of omission is the government's failure to amend allied legislation to ensure that it complements the pitiful piece we have before us with the object of ensuring that the screening operation will work more effectively. If time permitted I could give a long list of legislation which requires amendment in order to make this bill work more effectively. One statute which requires amendment is the Corporations and Labour Unions Returns Act, in accordance with which certain information is demanded in connection with the financial operations of corporations and unions. If the screening process is to be at all effective, a great deal more information will be needed about the financial operations of corporations involved in takeover deals. But no move has been made to strengthen the CALURA legislation to this end.

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Another area of omission relates to the fact that if the screening agency does occasionally say no to a foreign