

quently, they will not produce as many jobs as Canadian-owned firms.

The second problem that is evident with the concept the Conservatives are pursuing is that foreign-controlled firms import much more than Canadian-controlled firms. Again, I have some numbers that I would like to put on the record which indicate that the spinoff benefits which would accrue from purchases from Canadian companies, mostly inside the country, which create other jobs subsequent to the original purchase, do not accrue when the company doing the purchasing is a foreign-owned company making its purchases from head office in the home country. In fact, foreign companies imported 22 per cent of their sales, which is five times the amount imported by Canadian companies. Of the companies which are involved in manufacturing, foreign companies imported 30 per cent of their sales, which is four times the amount imported by Canadian companies.

It is evident from these figures that foreign companies have a predilection to import from the country of their origin and do not provide the necessary multiplier effect to keep the Canadian economy growing and to prepare the way for jobs to be created in Canada.

● (1650)

The third problem we have with the move to more foreign control of our economy is that foreign-controlled firms make a higher proportion of payments outside of the country. I am speaking now of interest and dividend payments and service charges payable to the head office. This reduces the resources available to Canada, and reduces the opportunity for more jobs and more investment resulting from those profits. As an example, American-controlled firms holding 36 per cent of the industrial assets in Canada in 1981, accounted for 61 per cent of all external remittances. So you can see that, compared to Canadian firms, they exported capital at the rate of two to one. Foreign-owned firms do not have a record nearly as good as the Canadian-owned operations and are not as useful in recycling money and creating jobs in Canada. In fact, they exacerbate the problem by creating a large wound in the economic body of the country which drains money outside of the country.

A fourth problem which I would like to deal with today is that multinational corporations seek to maximize global profits by minimizing tax payments. Some of the countries in which they operate have high taxes and others have low taxes. They then do internal shifting of funds by charging various service fees so that their profits are larger in those countries with the lowest effective tax rate. As an example, a study of the computer industry found a \$50 million tax loss through this mechanism, equal to an amount 30 per cent lower than what should have been paid given the amount of money actually earned in our country. That comes from a report done in 1981 by the Evans Research Corporation. I think that in the course of the next six months the House would be well advised to become acquainted with the research which shows that this

particular policy decision the Tories have embarked upon is a hazardous one for the country.

The fifth problem we see with this approach is that foreign-controlled companies export much less real product in relation to sales than do their Canadian competitors. In fact, some studies indicate, as the Gray report did, that 90 per cent of the exports of Canadian subsidiaries went to U.S. parents in 1978, when the report was completed, and that 57 per cent of U.S. subsidiaries restricted exports from their Canadian plants. The head office makes certain that the home country gets the advantage of having that subsidiary in a foreign country, in this case Canada, and that the country being colonized, if you like, gets very minimal benefits.

To go quickly to the sixth problem, Mr. Speaker, a high ratio of foreign control of Canadian industry contributes to poor productivity performance by reducing competition, a conclusion that the Science Council found as recently as 1984. I would conclude by noting that studies by the U.S. Senate and the Harvard School of Business have found that U.S. direct investment in Canada produces a significant net creation of jobs for all sectors of the U.S. workforce but for Canada, the other side of the coin, there is a net loss of jobs. I think that makes the point, Mr. Speaker, and I will now allow another Member to speak.

Mr. Iain Angus (Thunder Bay-Atikokan): Mr. Speaker, I rise to speak in favour of the motion to hoist the Bill and delay its consideration for at least six months. I think this makes sense because, once again the new government has got caught up in its own rhetoric. It believes so much in the free enterprise principle that it cannot fully appreciate the impact of this legislation.

There are two elements in what I guess will probably be a two-part presentation, Mr. Speaker. I would like to deal with how they affect my region of northwestern Ontario. We are at the western end of Ontario and we probably think of ourselves more as part of western Canada than of eastern Canada. One of the problems we have had since the area was first settled was how to attract the investment dollars we need to develop employment and the wealth that so often we miss out on. Just like western Canada, we see money being spent in the Golden Horseshoe around Toronto. Manufacturing is developed there using our resources, the raw materials taken usually from one-industry towns over a period of 20 to 30 years. Those towns are then left without any kind of secondary or tertiary industries to fall back on. In the Foreign Investment Review Agency we at least had a mechanism to try to focus, funnel or, if you like, control where investment, albeit foreign investment, could be placed. That is not to say that I agree with the manner in which FIRA was operating because I believe, and I am sure you will concur, that a government which philosophically does not believe in intervention in the marketplace has really no business intervening because it usually mucks it up. It puts on so many checks and balances to protect its interest that it is an inefficient mechanism and really does not do what it was meant to do. We saw how the Liberals dealt with FIRA in that manner.