

Speech from the Throne

Mr. McClelland, for a nation that is falling so fast, we still enjoy the second highest standard of living in the world.

It takes little intellectual sense to realize that Canadians prefer jobs to nationalization. I am convinced that those who would restrict foreign investment and the jobs it brings do not represent the feeling of Canadians across the country. The committee would turn the clock back and withdraw from international enterprise. Arguments like theirs may win the emotional battle of the moment, but they will not win the war of logic.

Last year the Ontario government set up a Conference on Economic and Cultural Nationalism. The select committee of the Ontario Legislature was named to inquire into this matter. Most of the witnesses who have appeared have been about as objective as Peter Newman's grandstand approach before the committee of calling on Canadians to assert their independence even if they have to infuriate Americans. This is certainly a novel approach to the technique of selling.

• (1700)

It is interesting to note that all five major candidates in the Ontario Progressive Conservative leadership campaign asserted the question of economic autonomy as being one of the key problems in Canada. At the start of the leadership campaign hon. William Davis said that Canadian control of the economy was high on his list of priorities and called for a conference on foreign investment. In the Speech from the Throne on March 30, 1971, the Ontario government expressed the following belief: The people of Ontario should have at hand the means whereby our own economic, cultural and social objectives and priorities are determined in Canada by Canadians.

In January, 1972, Premier Davis said at Windsor that he would establish a solid position in favour of greater control of the Canadian economy by Canadians and that we must have made ourselves highly vulnerable to American economic policies. On January 25, 1972, the premier said in New York that Ontario is firmly committed to the principle of Canadians gaining control of their economy and that foreign ownership has sparked a national sense of urgency in Canada.

On the same day, in Vancouver, the Leader of the Opposition (Mr. Stanfield) called on the federal government to set guidelines on foreign policy, particularly in its relations with the United States, to ensure our survival beside a giant. Last December the Science Council stressed that the government should have an over-all industrial strategy. The Senate report on science policy, issued in January, urged that by 1980, 2.5 per cent of the gross national product be spent on research and development. Such added expenditures will raise the cost of the product, jeopardize Canadian enterprise and add little to the total North American technological development. This total expenditure will amount to less than 5 per cent of the American expenditure on research and development. At the most, we will be following the beaten paths and discovering things that already have been discovered.

It makes little sense to plow fields that have already been tilled. The rate of change is so great that even the total resources of the Canadian government could not meet the American contribution and keep abreast of the times. It is time we realized that the American multi-

national corporation has succeeded in making technology international in conception and international in distribution. Von Braun was the father of the V rockets and the landing on the moon, and Einstein was the father of atomic energy, but this does not make these achievements less useful to the Americans.

Before we build a wall around ourselves we must first catch up with the Americans and then spend over \$30 billion per year on research and development, just to keep pace. We will also have to do something to attract the best brains in the world, as our friends to the south did. We accuse American subsidiaries of failing to carry out their fair share of research and development. Of the total business research and development spending filed under the Corporations and Labour Unions Returns Act in 1967, 44 per cent was performed by American companies and 35 per cent by Canadian-owned companies.

The economic nationalists have developed a statistical hysteria in pointing to American ownership in industries such as petroleum, motor vehicles and aircraft which necessitate huge amounts of investment capital, but they seldom refer to the fact that under the 1967 returns the Americans owned 19 per cent of Canadian corporate assets. Canadians did not choose to spend risk capital in the development of the oil industry in this country. Before Leduc was discovered on February 13, 1947, an American subsidiary, Imperial Oil, drilled 133 dry holes at a cost of \$23 million. Since Leduc, the Alberta treasury has collected \$3 billion in oil and gas revenue and oil, gas and related industries have expanded to the benefit of Canadians.

We have not been without our chaotic experiences in research, development and innovation. The heavy water plant in Nova Scotia is an example of a monumental economic and engineering blunder resulting in heavy financial loss. The Avro Arrow program was a complete disaster. By the time it was scrapped in 1958 it had cost the government \$400 million and would have cost as much or even more to put it into production. There were no buyers except for the RCAF who agreed to buy 100. Not a single NATO country was interested in Canada's pride and joy. The CF-105 was scrapped and 14,000 workers were laid off.

The problem, of course, is money. Research and development cost money and there are risks to be taken which few Canadian companies can afford. When the Edsel failed as a commercial venture, the Ford Motor Company carried on. When RCA Victor spent \$140 million on an experiment that failed it, too, carried on. Canadian companies are not yet in a position to meet such challenges. The gloomy hypothesis of many economic nationalists is that so much of our independence has been bartered away that it is almost too late to save Canada.

Time does not permit me to review the rantings of all those who feel they are on a bandwagon. These nationalists are moving to a new style of patriotism, a new mood of economic and cultural nationalism. They are trying to make their concept the new fashion in a bid to influence public opinion. In their minds foreign investment has become almost synonymous with American investment. This is difficult to understand in view of the fact that we emulate the Americans in so many ways. The public has accepted their styles in everything from music to motor cars. We have followed their lead in everything from a