

Investment Canada Act

I do not like to see the Government simply abdicating its responsibilities or saying that there is nothing more it can do, so it will simply abolish FIRA and open the doors for foreign capital to come in and do what it wants. We should maintain FIRA. We should try to strengthen it. As the labour unions did in the early part of this century, we have to expand the concept of solidarity with other people in the world. We have to work in an international manner to insist that multinational corporations act in a responsible way.

The Acting Speaker (Mr. Paproski): Are there any questions or comments on the Hon. Member's speech? Is the House ready for the question? The Hon. Member for Algoma (Mr. Foster).

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to have an opportunity to say a few words on this Bill. The Investment Canada Bill raises the many concerns of Canadians about the approach of the Prime Minister (Mr. Mulroney) towards the United States from the moment he won the election and was sworn into office. Before he ever met with the press or with the House of Commons, he immediately hied himself off to Washington to say to the Americans: "Come to Canada and buy out whatever you want with no questions asked". This Bill really follows through with that approach.

Let us look at the history of the Prime Minister. We see that his idea of Canada is kind of a branch plant operation from Washington. Clearly that is his approach in foreign affairs and in investment, right from the early days when he used to sing *Danny Boy* on Colonel McCormick's knee in Baie Comeau, his constituency. His general approach has been to see Canada as a branch plant operation of the United States. When he was with the Iron Ore Company of Canada and was in charge of the Sept Îles and Schefferville operation, and when he got his orders from Cleveland to shut it down, and Brian said "Shut it down". Of course, that is his general approach with this Bill.

Canadians are really very uneasy with this approach. There has clearly been a lot of foreign investment in Canada. We need a lot of foreign investment but we want it on our terms. We do not want the situation to be wide open where American companies come in to buy out and take over the sales forces of small Canadian companies that have been doing a good job and are concerned not only with their economic welfare but with the welfare of Canadians as a whole. We do not want them expanding their markets in our country and then shutting down the manufacturing side, only to be supplied from the United States. That was the idea of FIRA. It was rather successful. I doubt that it discouraged much serious foreign investment in this country.

● (1130)

Let us look at the foreign investment that we had in those years. In the period 1964 to 1973, we averaged approximately \$690 million per year in foreign investment. Since the FIRA agency was established in 1974, we averaged \$1.4 billion of investment. The average investment in the last four years has

been \$2 billion per year. In 1983, the capital inflow into Canada was \$2.8 billion.

This investment was all on the basis of whether it was advantageous to Canada. Surely it is not too much to ask a foreign investor whether he is coming into Canada on the basis that there will be a benefit to this country. If a company says no, that it wants our market but will do the manufacturing and research in the United States as well as have the management there, that is unreasonable. I do not see that we are turning away anybody who is interested in providing a benefit to Canada. If we look at how FIRA has operated over that period, we see that 92 per cent of the applications have been approved. Since 1982 when the rules and regulations were streamlined, modernized and updated, 97 per cent of the applications have been approved.

Those raw figures do not indicate whether we were able to negotiate local management or a bigger chunk of the international pie. It does not show how much R and D we were able to promote for Canada. The Prime Minister threw away this bargaining tool on his first visit to Washington, before he met with Parliament or even with the Canadian press. He stated that we would adopt what they want us to do with regard to the National Energy Program, FIRA and defence spending. He should have used the power of FIRA to negotiate a better position for Canada. In my opinion, the Prime Minister was not a very good negotiator. The United States does not have a monolithic system where the President has all the power. A lot of power resides with the Congress and the Senate. When you negotiate, you should negotiate from a position of strength, using all the tools at your disposal.

In a front page article in the *Thunder Bay Chronicle Journal* of January 15, it is reported that Senator Larry Craig, a Republican from Idaho, and Congressman Jim Weaver, a Democrat from Oregon, are sponsoring a bill in Congress to limit imports of Canadian softwood lumber to 25 per cent of United States demand. That is approximately 8 per cent less than currently. The impact of that decision would result in plants closing in northwestern and northeastern Ontario and British Columbia. It is planned to start hearings on this legislation in February.

We need only look back two years to the International Trade Commission hearings which went on for 33 weeks and the Secretary of Commerce hearings which were held at the same time to find that there is a very protectionist position in the United States Congress. If we want to respond to that, we must use every bargaining tool that we have. Clearly FIRA could be used. We should not give away our bargaining position. I will be interested in seeing whether the proposition being sponsored by these two congressional leaders, one of whom is chairman of the United States Interior Subcommittee on Mining and Forestry Management, will result in 8 per cent of the United States market for softwood lumber being closed to Canadian suppliers. It will be interesting to see whether our Government's attitude is that they can do what they want. These points need to be bargained on a mature basis, not by a subservient government in Ottawa responding to a dominant