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second decade of this century. He was very successful. Eventually, the day came when Mr. McLaughlin decided to sell out, as he was allowed to do in the climate of the time. GM established a foothold in Canada which it had not previously enjoyed. General Motors has been in this country for approximately 60 years, and I believe it is instructive to note that despite the fact that it has made some contributions to our country in places like Oshawa, it has not once had any genuine commitment to carry out research and development here.

● (1610)

I have visited GM's entire research and development activity, which is its cold weather testing service that is located in Kapuskasing in northern Ontario. The reason it located that research facility there is northern Ontario's very cold weather. Such consistent and lengthy cold periods do not exist in Minnesota, Wisconsin or Maine in the northern United States. Consequently, GM gave us this one R and D facility only because of the advantage of our climatic conditions. Although General Motors has existed in Canada for many years, it has established only that one research and development centre out of the hundreds of millions of dollars that it spends annually on research and development. That example is germane to the case of Mitel which we are discussing today.

My colleagues and I have raised a number of objections with respect to the case of Mitel. Mitel has grown into a company with a net worth in market value of more than \$300 million and annual sales of approximately \$375 million.

As a Member from the Ottawa area, I regret that the Minister of Regional and Industrial Expansion (Mr. Stevens) is too focused and seized on the fact that Mitel faced difficulties approximately two years ago because of the slow development and marketing of the SX-2000 superswitch. It suffered losses for a couple of years and it did not reach its target of \$1 billion in sales by 1985.

However, that should not gainsay the fact that this company has had an extraordinary growth record. Perhaps my Party does not always acknowledge the success stories of entrepreneurship where they occur, but Mitel has been an extraordinary success story in entrepreneurial terms. I congratulate Mr. Cowpland and Mr. Matthews and those others who are behind that success.

Those same people are facing a situation today in which the management of Mitel is much different from what it was when it was a small company. Mr. Cowpland has been a good citizen in the Ottawa area. However, I regret to say that, to some extent, he has lost interest. His shareholdings in Mitel are down to 6 per cent and he has invested in other areas, which means that his focus has turned to other areas, perhaps to developing another Mitel.

Those proprietors who were so good for Mitel in its first decade are essentially walking out the door in the assurance that British Telecom will rescue Mitel. They are not allowing the control of the company to go to foreign hands on their own. They are enlisting the support of the Hon. Member for Lanark-Renfrew-Carleton. He received handsome contribu-

tions during his election campaign. He is faithfully saying that this is bound to be a good deal as far as Canadians are concerned. I suggest there is ample reason to doubt that this is a good deal.

I pointed out in the House a couple of days ago that British Telecom has an alternative plan B. Anyone who studies business knows that it is necessary to have a fallback position in the event that the primary plan does not work. British Telecom's plan B was to buy 18.5 per cent of Mitel, inject approximately \$60 million of equity into the company, and possibly inject some loan capital or bond capital into the company to help it with its debt position. It would therefore gain the advantages of the close link with a good manufacturing subsidiary, even if it did not acquire 51 per cent ownership. I suggest to my hon. friend that that was the alternative plan that Telecom devised in order to have an insurance policy if Canadians would not let it have 51 per cent.

Why did Telecom devise that alternative? The reason is that countries throughout the world protect their telecommunications industry. The British should know because British Telecom itself was a wholly-owned Crown corporation of the British Government until very recently. It was part of the British Post Office. Until very recently British Telecom had the policy to buy British.

Ironically, Mitel was the first major foreign company that broke that restriction and was able to enter into the British Telecommunications market. That market is opening up now and it provides real opportunities. Mitel has helped to create those opportunities for Canadian entrepreneurship, research and products.

Japan is another example of a company with restrictions on foreign ownership of the telecommunications sector. British Telecom knows that most countries continue to have restrictions on foreign ownership of the telecommunications sector because of the critical nature of that sector. That is why British Telecom had plan B.

Let us consider that option. Mitel gains access to an important new market. It gains the marketing savvy of a large European company. Although it is untried because it has only recently been partially privatized, it does have the backing of the British Government. Mitel gains financial support in terms of opening up markets in North America, which are extremely competitive since the deregulation of AT & T in the United States. In the meantime, Canadian ownership is retained. Surely that is a preferable option to losing Canadian ownership of Mitel.

Will we see a position in 10 or 15 years where the R and D carried out by Mitel in Canada has shrunk to 2 per cent or 1 per cent of sales? Will Mitel simply become another manufacturing company with a nostalgic link to the Ottawa area but a company that is a trans-national or British based multi-national? I believe that is a very real danger.

The advent of Investment Canada and the way FIRA is being administered by the Government presently will not improve the situation. The fact that the Government is pre-