

Foreign Investment Review Act

more specific? I think we are entitled to have an answer to that question.

If it is the intention of the government to limit the review to the wording of section 2 as it is specifically set out in the act—and that is the only conclusion I can draw from this motion—then we are going to be engaged in a very confining and unsatisfying set of activities in the foreign investment review committee. I think we are entitled to an answer to that question. I do not think it is beyond the genius of this government to give us an answer this afternoon.

An hon. Member: The government is not known for its genius.

Mr. Rae: I want to point out a few other facts to indicate how serious the situation is with respect to foreign investment. I want to look at the so-called industry of the future. Let us take, for example, the electronics and computer communications industries. Last year FIRA approved the foreign takeover of over 30 companies in the computer communications service sector. With each takeover, Canadian strength in these areas is eroded because these companies traditionally are sold by their U.S. parent companies to restrict their selling to the Canadian market only—it is a familiar story; it has been documented well—and to buy their equipment and other supplies plus services from head offices in the United States.

The erosion that this causes in Canadian industry shows up in two places, first of all in the unemployment figures which are dramatic in the electronics industry, and secondly in the trade deficit figures which are equally dramatic. Since 1974, 23,000 jobs in the Ontario electronics industry alone have been lost. A federal government report released last year said that Canada is running a trade deficit in the electronics trade manufacturing sector of between \$1.5 billion and \$2 billion a year. The writers of this report went on the warn that they believe that the telecommunications and information industries in Canada will be dominated by foreign interest or crippled by imports if nothing is done.

In the computer communications sector, the federal Department of Communications estimates that Canada will buy \$300 million worth of data-processing services from the United States this year. This is equivalent to exporting 7,000 jobs. These are jobs that could be carried out in Canada if that industry were allowed to grow in Canada. Furthermore, at the rate that Canada is losing control and strength in this sector, Canada's trade deficit should rise to \$1.5 billion by 1984 and 23,500 jobs will have been lost to Canadians.

It is important to note that FIRA, as it is presently constituted, is powerless to do anything about these deteriorating situations. Consider the following examples. Last summer the Bank of Montreal signed a joint venture agreement with a local subsidiary of Automatic Data Processing Ltd. of the United States, a company that rightly boasts of being the largest payroll company in North America and has 74,000 corporate customers not only through North and South America but in Europe as well.

[Mr. Rae.]

Some people involved in Canada's data processing business, a business that happens to be roughly 80 per cent Canadian-controlled at the moment, protested this move. They wanted to know why FIRA had not reviewed this case. They were told that the work of this new joint venture was sufficiently related to the terms of reference that the subsidiary of ADP had established for itself when it first moved into Canada that there was no need to review it now.

The Canadian data processors, including one which specializes in payroll processing, argued that the Canadian data processing industry needed some protection and help for about five to ten years before it would be strong enough to compete with the likes of ADP, the American company. So they asked FIRA a very simple question. Why had not FIRA joined in the intervention case on the grounds of the negative impact it might have on Canadian companies wanting to expand in the Canadian market? But alas, they were told, "No, no, FIRA does not look at the whole Canadian market, FIRA does not look at the future of the Canadian industry, FIRA does not look at a sector, FIRA does not look at computer processing or these kinds of data services, or energy or future supplies in natural resources". They were told that FIRA looks at each individual application. This is a typical example of the perversity of the liberal mind—and I am using the word with a small "l"—that you look at the individual case and fail to look at the whole forest. That is the problem.

I think it has to be said that FIRA itself was a substitute for a policy. FIRA was not a policy. FIRA was the combination of a series of reports and studies on the problem of foreign investment, and FIRA was the Liberal party's substitute for a policy to deal with foreign investment. It has not caused foreign investment to decline. In fact, quite the reverse. We have seen that the takeover of Canadian industries has accelerated since FIRA was established. The reason is that FIRA alone is merely a negative screen on certain individual applications. This has nothing to do with the kind of industrial planning that is necessary to guarantee that we have a plan in Canada for the takeover of our own industries and resources and that we have a government that is prepared to protect critical, highly technological and high employment industries, faced as they are with competition from overseas.

We ask the government and the Liberal party, where have they been while this takeover has been taking place? The horse has gone and the government is still looking for a lock and cannot decide whether to open or close the door. The Liberal party is suddenly rediscovering the need for a new key. Suddenly, after all these years when they presided over the systematic takeover of our economy by foreign interest, the Liberal party wakes up in the person of the hon. member for Ottawa Centre and says, "Hey, something is going on here; I think it is time we did something". It may be a little late. FIRA is not enough.

I think it is apparent that just as FIRA was a substitute for a policy, so too the establishment of this committee is a substitute for a policy from a government which does not deal