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brought them, they are aware that there are very significant costs as well.

**Costs of foreign investment**

You are probably asking yourselves, "What costs? What does it matter where the money comes from?" Canadians accept that capital has no flag, but they see that the corporations spending it have national identities and are integral parts of the political process in their home countries. I could not help noticing, for example, that U.S. multinationals took their complaints about our National Energy Program to Washington far more so than they did to Ottawa. I think even the term "multi-national" is misleading. Sometimes I think it would be more accurate to call these firms multi-based enterprises.

Let me be more specific about some of the costs. The operations of many foreign-controlled subsidiaries are characterized by restrictions on decision-making power, low levels of research and development, limitations on their ability to export, a propensity to import even when competitive domestic sources are available, and short, inefficient production runs in some industries. A foreign take-over of an already existing industry can lead to less rather than more competition. And so on.

In 1974, after a decade of study, the government established a Foreign Investment Review Agency (FIRA) whose task is to screen foreign investment for "significant benefit" to Canada. I would add parenthetically that this response is not unique. All governments, including the U.S. government, limit the freedom of foreigners to invest in their countries in one way or another.

**High approval rate on U.S. applications**

You will notice that for FIRA I used the word "screen" foreign investment, not block it. As of August 1981, after seven years of FIRA the approval rate for applications by American investors was 90.5 per cent. These are hardly grounds for suggesting that American investors have been subjected to harsh treatment.

We have heard the complaints businessmen have made about FIRA and we are reviewing the Agency's procedures to ensure that they are timely and efficient. We shall reform FIRA but we shall not abolish it. It remains an essential instrument of Canadian economic policy. Even now, foreign ownership figures in Canada are at a level which I am sure you will agree would simply not be tolerated in the U.S. For example, according to latest available figures (1978), foreign investment in the United States accounted for 5 per cent of the mining sector and 3 per cent of the manufacturing sector. The comparable Canadian levels are 40 per cent and 48 per cent. The contrast is stark. You will all recall the recent furor here in the United States over foreign ownership of farmland — and foreigners own less than 1 per cent of that land. Not to speak of the commotion caused by Seagram's attempted take-over of CONOCO and St. Joe Minerals last year.

The opportunities ahead in Canada are enormous. From now until the year 2000, \$440 billion will be invested in megaprojects in Canada. Most of that capital will be mobilized in Canada. But we shall still need substantial amounts of capital from abroad. Foreign companies and individuals will continue to do business profitably in Canada. No less a firm than Price Waterhouse has said "...there are still relatively few restrictions in Canada if the country is compared to other industrial countries".

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