

Investment Canada Act

controlled. That is the highest percentage of foreign ownership in any country in the world. I would suggest if we move toward any form of continental or world free trade market, even as we proceed under the present GATT negotiations to a further reduction by 1987, that many of these subsidiaries will be required to act in a way which will substantially limit their independence of action.

We in the Liberal Party have great faith in Canadian entrepreneurs. What we have to pay particular attention to is the testimony given by Professor Glen Williams of Carleton University before the committee. He pointed out that contrary to the nice and pure economic models of a continental economist that if you look at the actual performance and behaviour of foreign-owned companies in Canada, there are a number of major institutional and structural impediments to their acting in a similarly economic and beneficial way when compared with Canadian-owned companies.

For example, we know that the demand for imports by Canadian-based subsidiaries is about five times higher than that of Canadian-owned companies. This is even with regard to raw materials. In other words, corporate headquarters sends down the message that these companies must buy from the parent, whether it is at the best price or from the most effective or productive enterprise. As a result, we are faced with companies which have become inefficient producers. We find that in areas such as data processing and in the purchase of machinery and services that the ambition of most Canadian-based subsidiaries of foreign-owned companies is to buy overseas at a much higher level and frequency than Canadian-based companies.

I would make the case to you, Mr. Speaker, that if foreign-owned firms bought their machinery and supplies in Canada to the same extent Canadian-owned firms do, then there might have been close to 300,000 additional jobs in Canada than there actually were in the past year. The actual economic subtraction of jobs in the country, which was created by this import demand of Canadian-based subsidiaries, has lost us close to 300,000 jobs in one year alone. The Minister is fond of saying that it is not a perfect world and that we will not see a total turnover. However, the point I am making is that the continued dependence upon this type of foreign ownership results in a substantial economic withdrawal from the country.

May I also point out that one of the major economic problems we face as a country is our balance of payments. This has an important impact on the rate of our dollar and our international financial standing. Last year, foreign-owned firms sent something in the order of \$24 billion out of the Canadian economy. That amounts to approximately 30 per cent of their total sales. At the same time, Canadian-owned firms sent only \$5 billion out of Canada, or some 8 per cent of their total sales. In other words, through this incredibly high dependence on foreign ownership, we have major financial leakage in the country.

The point I am making is that the Government is talking about opening the doors of trade, ensuring that Canadians can compete more effectively, while through the Bill before us it

maintaining and, in fact, enhancing, the type of handicap the Canadian-based companies have to compete with in an international environment. Canadian companies do not get the world product mandate. They do not get the R and D. They have a much higher level of dependence upon imports and sales. As Professor Williams also pointed out, they are subject to some of the whims and caprices of their parent corporations.

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For example, let us look at what happened to Canadian General Electric in the past few months. The dividend sheet did not satisfy the stockholders of the new owners of the American-based General Electric Corporation, so the American-based president of that company ordered a stripping of the dividends and assets of Canadian General Electric to help bolster the balance sheet of the American-based company. What did that do to Canadian General Electric's ability to provide for more export markets and to provide for a stronger job-creation ability in Canada? It did nothing. In fact, it substantially reduced its ability to do those things.

In debate in the House and in committee, the Minister has been fond of trying to paint opposition Members as being afraid of the outside world. He should stop pretending that his own recipe for continental dependence and reliance upon the decisions of others is a fearless, new, brave entry into the economic order. I suggest that he is the one with the false bravado and that he has not been prepared to deal in a proper parliamentary way with the parliamentary and committee processes.

The Minister was not prepared to even look at constructive amendments that would help this Bill, amendments that would stay true to its objectives, but would improve upon them. That was probably one of the most disdainful performances by a Minister of this Parliament that I have seen in a long time. It was only through the total inadvertence and miscalculation of Members opposite that we were able to bring in a major amendment which the Minister had simply treated as a nuisance. It is an amendment that will protect people in the real estate field.

Evidence was given before the committee, as the Minister would know if he had bothered to read the record, indicating that the exemption related to real estate transactions was one of the things that led to the major real estate flips in Toronto and could lead to other forms of financial shenanigans like the Seaway and Greymac affair in which people were using foreign-owned, numbered companies based in Lichtenstein with no notification requirements.

We introduced an amendment to block that loophole and to make sure that foreign investment in real estate would be subject to review and notification. Fortunately, because government Members fumbled the ball, that provision will now be part of the law of Investment Canada. That did not happen because of any interest, responsiveness or sensitivity on the part of the Government but only because of the persistence of the Opposition.