

As long as our people see your people flocking down here to buy their preferential merchandise and to park their money, they are not going to believe that economic nationalism is behind you in Canada.

We think, as I see it, the Trudeau visit meant nothing. If you are weak against the U.S. dollar, buddy, you're weak.

There seems to be less worry on Wall Street about Quebec separating. Since you are closer to the Canadian scene than some of those Wall Street people, wouldn't you agree they still have reason to be concerned?

Wall Street's got so much to worry about Wall Street. I don't think it's got Quebec on it's mind. Wall Street can't see beyond Fulton Street, beyond the ferry that goes to Staten Island.

In Grand Forks, North Dakota, they are building a \$20 million shopping centre for Canadian visitors. This is a serious situation, but we hear nothing from the government. Actually we are the best boosters of the American economy. It is time we sat down together and found out how we can keep our people here.

Prior to the provincial election in Manitoba last October, financial experts, Peter Jerch and Associates, compiled a list of 19 clients whom they were assisting to move to the United States due to the political climate in Manitoba prior to the change of government there. These people who were moving out of Manitoba were taking some \$40 million in investment money with them, and this was going to cost Manitoba 4,000 jobs. We were able to stop this trend in Manitoba with the change of government. Peter Jerch and Associates have done other studies. They are working on behalf of another 30 Canadian businesses which are planning to move to the United States. They are going to take \$196 million of investment capital with them. Peter Jerch and Associates say that this will cost Canada up to 17,000 jobs.

The seriousness of the situation is quite apparent. My motion is perfectly legitimate. Certainly we have received no answers from the government in the past year in spite of having addressed questions to the Minister of Industry, Trade and Commerce (Mr. Horner) and the Minister of Finance. Also we have received no answer from the Prime Minister (Mr. Trudeau). This is a serious and dangerous trend, but there is no evidence that the government is doing anything about it. It is time we forgot partisan politics and referred this subject to a standing committee which could start an investigation and study of this serious situation.

U.S. magazines have done a considerable amount of research into foreign investment. One article points out the following:

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This year alone foreign interests are likely to reinvest over \$2 billion into their U.S. holdings—no small vote of confidence in the U.S. economy.

That is the direction in which they are going.

Last week I mentioned some figures regarding the geographic breakdown of where Canadian capital is flowing. The estimated capital expenditure in the State of Florida is more than \$2.5 billion. While Florida is attracting larger amounts of Canadian capital, California has become the second most invested area. To this date over \$1.5 billion out of Canadian pockets has ended up in California. Texas and New York

Taxation

comprise the third largest area of investment for Canadians, the figure is \$1.3 billion; Colorado is \$500 million; New Jersey is \$400 million; North Carolina is \$400 million; Georgia and Illinois are \$300 million. This totals approximately \$6.5 billion.

Some of our small businesses and individual investors, as well as our large companies, are moving large sums of money into the United States. For example, Canadian Pacific has moved \$185 million to New York. Also 140 Canadian manufacturing firms have moved to the state of New York, taking with them \$28.6 million. Union Nationale leader Rodrigue Biron indicated that \$4 billion of economic exodus has gone to the United States. As reported in December, 1977, the *Financial Times* indicated that Cadillac Fairview invested \$80 million in the United States. Canada Development Corporation invested \$50 million; Bell Canada, \$30 million; Inco Limited, \$25 million; and Asamera Oil Corporation Ltd., \$11 million.

Canada is no longer an attractive country in which to invest. Since 1975-1976 the flow of capital coming into Canada has decreased. Certainly it is most disturbing to read articles in Canadian and United States newspapers with headlines similar to: "Canadians Race to Buy up Florida". Approximately \$7.5 million went to a north Miami beach apartment complex; \$1.3 million for the Hawaiian Inn. The list is endless. Canadians have invested in businesses, motels, banks, and insurance companies.

Much of the Canadian investment from western Canada is going into Colorado. For example, \$11 million was invested in two Denver apartment buildings by Hillcrest Investment Ltd. of Calgary. Canlea, a Canadian investment group, invested \$16 million in an 850-unit apartment building in Houston.

I should like to refer to some of the larger takeovers. There was a \$70 million takeover by B.C. Forest Products Ltd. of a Minnesota paper company plant; a \$140 million takeover of a Revere Copper and Brass Company plant in Alabama by Alcan Aluminium Ltd.; and a \$95 million acquisition and reconstruction by Co-Steel of Toronto of a New Jersey plant.

Between the exodus of capital and the serious disparities in the tax structure, it is time for the government to take a responsible stand. I hope we will hear some encouraging words from the government today on what will be done about this serious situation. It is not the purpose of governments to see how much money they can take away from the people. But certainly that is the philosophy of the federal government. I hope we receive some words of encouragement today. Tax reductions will stimulate the economy.

I should like to refer to one proposal which was offered by my party. A tax cut can be financed by a massive cut in federal expenditures, and an increase in federal revenues resulting from increased economic activity. As economic expansion takes hold and the restraint program matures, the federal deficit will grow smaller than would be the case with existing fiscal policies. Cuts in federal spending need be neither economically nor socially harmful. In proportional terms,