*Foreign Investment Review*

not pay federal income taxes in 1969, which is the last year for which we have figures. Also, 79 per cent of mining, oil and gas wells did not pay income tax. Resource industries are overwhelmingly foreign owned and they have many ways of getting these tax deductions through capital cost allowances, depletion allowances, mine income exemptions, amortization and debt interest charges.

In my research, I discovered a more interesting revelation which I do not think has been brought out before, even in the last federal election campaign. I have discovered that the bigger the corporation the less income tax is paid. In 1969, income taxes actually paid by corporations approximated 50 per cent of taxable income. Do not forget that taxable income means the pittance that usually remains after all the loopholes have been taken out. The total amount of income tax paid amounted to $2.7 billion which, in turn, represents only 36 per cent of book profits. But this 36 per cent is only an average. The big companies, those with assets of more than $5 million, pay well below this average, only 28 per cent. Obviously bigness pays—but not income tax.

Manufacturing companies pay at an average income tax rate of 39 per cent, with the big ones paying 36 per cent. Within the manufacturing industry, the highest rates of income tax for both small and big corporations is, interestingly enough, in the printing and publishing industry, 49 per cent, and lowest in the petroleum and coal products group, 14 per cent. Do not forget which sector is Canadian controlled and which is foreign controlled. The mining industry, oil and gas wells pay little income tax, as we already know, and again the big ones pay less, an average rate of 10 per cent, while the little ones pay an average of 21 per cent. Mineral fuels pay an average tax rate of 7.6 per cent, and metal mining 10.1 per cent. In the latter group, the small companies average 22.1 per cent and the big ones 9.9 per cent on their book profits.

If you remember what I said earlier, that large corporations are mainly foreign controlled, you now know that they pay income tax at much lower rates than small companies, which happen to be mainly in Canadian hands. We have been more than hospitable to the man who came to dinner. He has gorged himself at our table and pocketed the silverware. What we see is that "big" means less income tax and big companies mean foreign companies. The results of Liberal and Conservative governments welcoming foreign investment without proper control as every other sensible nation in the western world has done are evident. Our Canadian controlled economy is fast reaching a point of impossibility; the number of foreign takeovers of Canadian companies is alarming. In 1959, nine companies were taken over by foreigners; in 1960, it was 93 and in 1970, it was 163. Over the last three years, it has been averaging 170 per year.

The federal government also aids in this takeover by giving grants to foreign firms. Of the grants given by the Department of Regional Economic Expansion, over 50 per cent went to foreign-controlled corporations in Canada. Indeed, I believe this is one of the reasons Mr. Kierans resigned from Cabinet. He relates the case of the Canadian communications industry which was 85 per cent Canadian owned. What did the Liberal government do? It gave a DREE grant of $22 million to a United States firm called Control Data to set up a plant in Quebec City, and it gave $6 million to the American giant IBM for a plant at Drummondville, Quebec. As Mr. Kierans says, "We create a few temporary jobs and destroy a whole Canadian industry".

We find, Mr. Speaker, that Canada is losing more capital than she imports, that exporting our resources means exporting our jobs to the places at which the resources are manufactured and refined, namely, the United States. As a result, areas like my own, northern Ontario, have chronic unemployment. We see that the Canadian consumer pays more for products because of the inefficiency of the branch plant economy. We lose our brightest minds as our scientists emigrate to the United States to take up research and development positions. Decisions to close down plants and decisions on the priorities for development and expansion are taken in boardrooms in the United States where their interests are placed before our interests. We see, Mr. Speaker, that foreign corporations are paying less income tax than Canadian corporations.

This whole problem of foreign ownership has accelerated in the past decade. The warnings were there. Our party spoke out against this trend but we were ignored. We were ignored by Conservative and Liberal governments and the Liberal government cannot plead ignorance. They had the Royal Commission Report, the Watkins Report, that voice crying in the wilderness, Walter Gordon, the former minister of finance, the Wahn Report in 1970 and the Gray Report in 1971, but they chose to ignore the alarming facts on foreign ownership brought out in these reports. Now, with a minority government the Liberal government of today has responded to public concern and brought forth Bill C-132 and it is this to which I should like to turn my attention.

This new bill covers takeovers of Canadian business; it covers new investment and expansion of foreign corporations into unrelated areas in Canada. The commission to screen foreign takeovers of Canadian companies has the power to block certain takeovers in the interests of Canada. Yet this provision would only affect between 12 per cent and 15 per cent of new foreign investment in one year. What remains outside the screening process is the expansion of foreign-owned subsidiaries in Canada operating in their own or related fields, and this represents about 80 per cent of the growth in foreign control.

• (1600)

My party believes that this bill is a step in the right direction, but we should like to see a number of amendments introduced to strengthen the bill. In particular, we should like to see a provision under which the screening agency would review the expansion of businesses operating in similar or related areas of production. We should like to see a screening of imported parts and components, to determine whether alternative sources of supply exist or can be developed in Canada at competitive prices. We want to see a screening of raw material exports, to determine whether further processing in Canada would be possible prior to export. Also, we want to screen any existing export restrictions imposed either by agreement or as a result of practices that prevent the expansion of export markets. I alluded to this earlier. We want to pro-