

Income Tax

are free enterprisers and will not be standing in the way of business and investment money leaving Canada. It is little consolation for the taxpayers who must suffer the consequences of this readiness to allow the flow to continue, this disposition to do nothing about it. I want to ask the minister when he proposes to begin having regular meetings with people in the business and investment community to get to the root of this problem.

Today I cannot pick up a newspaper without finding in it a devastating attack upon the government. Here is one example: "Canadian investment in the U.S. Up Again—Trend May be Irreversible". I hope the Minister of Industry, Trade and Commerce gets busy with this great plan of his. He should see what he can do to keep this investment money in Canada.

As for the Minister for DREE (Mr. Lessard) and the Minister of Employment (Mr. Cullen), who is becoming better known as the minister of unemployment, their hands are tied. How can they cope with unemployment and get businesses developed in various parts of Canada while this massive outflow of enterprise and investment continues? There is no way in which job creation programs or short term make-work programs can take up the slack in the face of this massive exodus of business and investment money. I certainly hope that the two ministers I have mentioned will speak out in cabinet in an effort to get the Minister of Industry, Trade and Commerce off his butt and taking constructive action with regard to this serious problem.

Here is another news story which came to my attention. The headline reads: "Failing Canada in Economy Was Once an Object of Envy". In this article, provided by the *New York Times* service, we read:

The Canadian economy was once envied for its glowing health. No longer. Nearly a million Canadians are out of jobs and those who are working find their pay cheques buying less and less. Even Canadian industrialists, let alone foreign investors, are finding this country an unattractive place to keep their money. A leading Japanese businessman relates that when he suggested a joint venture here his prospective Canadian partner proposed they locate the enterprise in the United States instead.

We in this country are the largest boosters of the United States economy. To show the seriousness of this flight of investment money may I go into a little more detail? It is very difficult to track it down. We hear about some of these businesses which are leaving, but we do not hear about all of them.

I should like to refer to an article which appeared in the *Winnipeg Free Press* on Monday, October 3. It is prepared by a financial expert in Winnipeg who took the time to compile detailed information on the businesses he was assisting to leave the country. Imagine the picture which would result, Mr. Speaker, if we consulted half a dozen investment counsellors in each province to get detailed information about the number of businesses contemplating leaving for the United States. This article drew attention to the fact that 19 of his clients intended to invest about \$40 million outside Manitoba over the next five years and that the loss of this investment would cost the province about 4,000 jobs. Mr. Speaker, there is no way in which the minister will be able to stop this trend.

[Mr. McKenzie.]

The financial expert who compiled these figures points out that even if these clients received tax deductions and the like, they still would not remain in this country because they did not trust the government and did not like the political climate. For these reasons they would not make any long term investments here. This is why it is of great importance that the Minister of Industry, Trade and Commerce get on with his plan before it is too late.

The name of the financial expert to whom I have referred is Peter Jerch of Peter Henry Jerch and Associates. He says the trend has been going on for some time. Mr. Speaker it is not possible to stop such a trend overnight. Mr. Jerch says that countries, or, for that matter, provinces which have nationalistic, leftist, or extremely strong bureaucratic tendencies make striving and successful entrepreneurs feel uncomfortable. Well, they feel very uncomfortable in Canada today and that is why so many of them are leaving for the United States. Even the tax incentives which we will be asked to approve in the bill before us will have very little effect.

Mr. Jerch goes on to say that Canadians are amongst the most aggressive foreigners in the U.S. acquisitions market. In fact Canada rated as the most active foreigner investor last year. He also points out that the vast majority of such investments or acquisitions are never reported officially. They do not put advertisements in the papers when they close down their businesses and move out. The ordinary successful businessman is shy of publicity and does not wish to disclose his business affairs prematurely.

He goes on to say:

The best climate for orderly and normal business growth is economic and social stability—

Something which is completely lacking in Canada today. He goes on—

That, together with revolutionary musings of what is to come, new regulatory boards and agencies with arbitrary powers all over the place and inability of governments to cope with the management of the economy as a whole is producing too much uncertainty about the future—and there is very little that investment money is more afraid of than uncertainty.

Canada is certainly noted for its uncertainty today. Think of the Quebec issue and separation. This is why we as a party were concerned and wanted the government to challenge the different bills being introduced by the Lévesque government, and to challenge them immediately before it was too late. But nothing has been done. All the Prime Minister talks about is a referendum, a referendum which will do absolutely nothing except chase more businesses and investment out of the country.

● (1722)

This financial expert goes on to say this:

To those people, government make-work projects and free-lunch programs reduce motivation and destroy the work ethic, and are a definite factor leading, among other things, to lower productivity. Investments by Canadian citizens or Canadian-owned companies into Canadian-owned active manufacturing or service companies located in Canada, if such investment is tax deductible, would, according to the smaller business, eliminate unnecessary unemployment, create a healthy economy, and lead to elimination of the dreaded four-letter government monsters (FIRA, DREE, etc.), which tend to increase inflation and create a