HOUSE OF COMMONS

Thursday, May 2, 1985

The House met at 11 a.m.

● (1105)

GOVERNMENT ORDERS

[*English*]

INVESTMENT CANADA ACT

MEASURE TO ENACT

The House resumed from Wednesday, May 1, consideration of Bill C-15, an Act respecting investment in Canada, as reported (with amendments) from the Standing Committee on Regional Development; and Motions No. 19 (Mr. Axworthy) (p. 4313) and No. 20 (Mr. Langdon) (p. 4314).

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, when my remarks were interrupted by the adjournment of the House last evening I was discussing the reason we need an agency to review foreign investment. Canadians ask themselves, very legitimately, if we want foreign investment which cannot meet the test of being of significant value to the Canadian economy, which the previous Bill required. I also mentioned that the Government seems to be putting great stock in this Bill as it is the first and only economic measure which it has proposed in an attempt to turn around the dreadful unemployment rate in Canada. The Government seems to be throwing the responsibility for job creation to the private sector. Regrettably, with the rhetoric we have heard concerning this Bill, the Government seems to be relying almost entirely on the foreign private sector to create jobs. It is time we asked ourselves if that makes sense. I suggest that it does not.

The Investment Dealers' Association of Canada has pointed out that more than 95 per cent of the investment needs of Canada can be met by internal sources. If the economy was functioning at full capacity, instead of the restricted capacity at which it is functioning now, the investment needs would be surplus to the amount of investment which Canada could absorb.

The Government seems to spend a great deal of time attempting to copy the example and policy of the United States. I think the Government has missed the very significant differences between the U.S. and Canadian economies.

First, the savings rate in Canada far exceeds the savings rate in the United States. The Canadian rate is double or triple that of the rate of savings in the United States. That is one of the reasons, which the Investment Dealers' Association of Canada has pointed out, that even with the depressed state of the economy Canadians can still raise over 95 per cent of Canada's investment capital.

A second significant difference between Canada and the U.S. is that the U.S. has had a trade deficit for the last four years and Canada has generated a trade surplus. Canada generates plenty of investment funds. It does not have to rely on foreign investment to get the economy moving.

If we look at the current account, we will see that for the first time in some months the Americans have a deficit. That tells us that the U.S. is beginning to rely on foreign investment, so much so there is beginning to be some question about the possibility of the U.S. being able to refinance its investment needs. In fact, most analysts have agreed that interest rates are so high in the United States because of the shortage of investment funds. The United States is hiking up interest rates and cannot attract money from outside.

I submit that Canada would make a great mistake if it followed that practice. Canada would end up charging more interest than it needs to, given the strong underpinnings of our economy. In short, the Government would be much better off concentrating on "made-in-Canada" interest rates in order to make use of the great amounts of money which are generated within Canada. If that were done, Canada could become self-sufficient in investment needs, and would be able to reap the benefits of the continued and accelerated ownership of Canadian goods and services by Canadians.

● (1110)

When we do set out to achieve Canadian ownership of key resources and sectors of the economy, we can be successful. While there were some problems with the National Energy Program, I think that programs preceding it and that program itself as it applied to Canadianization of the industry showed some progress. We went into that particular program owning about 11 per cent of our natural gas and oil reserves and refining capacity. Seven or eight years later that proportion of ownership had approached 30 per cent. I think that is a very good turnaround for Canadians in that period of time.

This assisted the creation of more control and ownership in Canada. It has meant that head offices are employing people in Canada. It has meant that the technology which the industry uses, because the decisions are made in Canada, tends also to be contracted within Canada. I am using that as an example, but it presents all of the arguments for some Canadian control over the type of foreign investment we have.

Because of the lack of time, I won't be able to describe a couple of recent cases where foreign investors received an advantage over potential Canadian investors, a form of dis-