the recent book put out by the British North American Committee entitled *Governments and Multinationals: Policies in the Developed Countries*, it is very clear that we are not alone. We are not the only country looking to review companies from outside coming into Canada. What about Japan, France, Australia and Italy? All of those countries have review mechanisms.

Mr. Stevens: All less than us.

Mr. Langdon: Even the United States has important mechanisms by which it sees to it that any company being established in the U.S.A. faces some kind of overview by its Government.

I think as well that the evidence that the Conservatives believe in is simply not there. They suggest that there has been a downturn in direct foreign investment coming in as a result of FIRA. In fact, if you take the last four years for which we have data, Mr. Speaker, starting in 1981, each and every year the net flow of direct foreign investment into this country has increased.

Mr. Stevens: No.

Mr. Langdon: I can give the Minister statistics.

Mr. Stevens: Take a look at the IMF figures.

Mr. Langdon: From a negative balance of $4.4 billion in 1981 we had a negative $900 million in 1982. In 1983 we were up to a positive $200 million and so far in 1984 we are up to a positive $1.3 billion.

Mr. Crofton: What is your source?

Mr. Langdon: The Source? Statistics Canada: total direct foreign investment in place. These are the latest figures available. The reality is that, contrary to the myth, FIRA was not preventing inflows.

Because of the many problems that exist with direct foreign investment, we need a review mechanism to bargain with those companies, not to exclude them. The goal is not to exclude foreign investment. The goal is to take that $1.3 billion of net inflows this year and see to it that each and every company coming into the country provides the greatest possible benefit to us. That is what the review mechanism is for.

● (1240)

Mr. Stevens: Read the Act.

Mr. Langdon: I have read the Act. The existing problems in terms of direct foreign investment need a response. Let us not pretend that those problems do not exist. Every serious study which has taken place in Canada and in other parts of the world has documented that such problems exist and have to be recognized. For example, the research and development undertaken by foreign companies in Canada is much lower than the research and development undertaken by Canadian companies. If we simply take those firms with more than 500 employees, foreign companies contributed only 2 per cent of their sales to research and development while Canadian companies contributed 10.3 per cent of their sales. If we turn to imports, we see that foreign companies imported four times as much as Canadian companies in the manufacturing sector. If we take the entire industrial sector, we see that foreign companies imported five times as much as Canadian companies. Every dollar of extra import means lost jobs in Canada for Canadians who could be producing the inputs to those companies.

It is not only the problem of purchases. It is the problem of outflows. One would think from what the Minister says that foreign investors come here and give us a gift of billions of dollars of investment. He forgets in a short-sighted way that we have to pay back that gift along with the significant profits which those companies can earn here.

If we take the question of outflows, U.S.-controlled firms which comprise 36 per cent of industrial assets accounted for 61 per cent of external remittances. Money which could be invested here but is instead sent home costs this country jobs. Jobs are not the only cost of outpayments by these companies. They also succeed in escaping from the diligence of the popular Minister of National Revenue (Mr. Beatty). There are various cases which demonstrate the way in which multinational companies aim effectively to set up their tax system so that they take their profits in the country where the taxes are least.

A detailed study of the computer industry in Canada found that in 1981 there was a $50 million loss of tax income through this mechanism. As a result, foreign companies transferring their profits out of the country in the form of purchases from their parent companies abroad led to 30 per cent fewer taxes from the industry than we would otherwise have had in Canada. In addition, these companies exported far less than Canadian companies of the same size and in the same industry. In 1978, 90 per cent of the exports of these companies were just exports to parent companies abroad.

We know from historical data that over half the subsidiaries established here do not have the complete freedom to export. Various restrictions are placed upon them. Every dollar of lost export earnings contributes to job loss in this country.

The problems exist. They are immense. They are well documented. Can a review mechanism or a bargaining mechanism help us to deal with these problems? Frankly, it is difficult to have a certain answer to that question. The way the previous Government set up FIRA created an instrument which operated in a secretive, closed way. This meant that we were unable to monitor carefully the benefits of the review process. In that sense the previous administration was the author of its own misfortune in the attack which is being undertaken on FIRA. If a more open, publicly accountable review mechanism had been set up, we would be able to judge its benefits better.

An internal evaluation study has now been completed within FIRA. We shall be asking for that study to be released. Our understanding is that it showed that the great majority of companies with which FIRA bargained in fact met the com-