

*Adjournment Debate*

entitled "The Unpatriotic Investor" and it begins with the comment:

The true north is still strong and free. Only it's moving south of the border. The hard facts on how you may be better off investing your money out of the country.

This is a very interesting article. It is all about uncertainty in Canada and the problems created by successive Liberal governments for business and investment in this country.

I heard with great interest the speech which the Minister of Industry, Trade and Commerce (Mr. Horner) made in Toronto yesterday in which he suggested that the business community should bite the bullet. I am suggesting that it is the minister who should bite the bullet and do something about all this investment money and all these businesses moving south of the border. We cannot cure unemployment in the face of this sort of trend, and a trend like this cannot be stopped overnight. Something is radically wrong in Canada and it is the responsibility of the government and of the minister to take immediate action. If the United States can hold seminars in Ottawa to move Canadian businesses to the United States, the Canadian government can hold seminars and find out what has to be done to stop businesses and investment money leaving this country.

I should like to read some statistical information for the minister's benefit. This was compiled by Peter Henry Jerch & Associates, and it covers 42 Canadian smaller and medium-sized active manufacturing and service enterprises. Just 12 were looking for acquisitions in Canada only.

Incidentally, the information given here about these 42 Canadian businesses implies a loss of between 4,300 and 13,000 jobs to Canadians. Moreover, this is information from only one consultant firm. They go on to say:

Fifteen thought they would consider a further investment or acquisition in Canada as a second alternative, which suggests that reason tells them to go elsewhere but that they still tend to be optimistic despite all their complaints. However, 30 of the 42 are either actively looking in the U.S. or have already made one or more acquisition or investment decisions there. These 42 are, incidentally, a fair and representative sample of the average successful Canadian business enterprise. Together they are likely to spend, directly and indirectly, from a low of \$63 million to a high of \$116 million in their investments and acquisitions over the next few years. Only between \$7 million to \$19 million are definitely scheduled for Canada, with the remainder going to the U.S. These aggressive firms know what they are talking about. They currently receive about \$9 million annually for export sales. Which means that if they establish a subsidiary, joint venture or the like in the U.S., within the next couple of years they will expend, in investment or acquisition funds, realistically about \$90 million. If you then consider that an additional \$40 million will not be coming back, the loss to Canada of even this small sample is about \$130 million, providing of course that their original Canadian plant stays here. While there may not be as much of a loss to the Canadian government in tax revenue—

● (1807)

**The Acting Speaker (Mr. Ethier):** Order. I regret to interrupt the hon. member, but his allotted time has expired.

**Hon. Jack H. Horner (Minister of Industry, Trade and Commerce):** Mr. Speaker, the hon. member has pointed to a problem that Canada has, and I am glad that he is aware of it. I will not dispute his figures, but he complained about not being able to receive accurate figures. I am always amused, to

[Mr. McKenzie.]

some extent, by the fact that people always believe some other government's figures but they rarely believe their own government's figures.

**Mr. McKenzie:** That is understandable.

**Mr. Horner:** Perhaps I should set down a few figures for the hon. member. The actual Canadian net direct investment flow to the United States in the past 12 months, from July, 1976, to June, 1977, was \$313 million, and not \$627 million as the hon. member suggested in his original question.

In fact Canadian direct investment flow to the United States has been declining recently and is considerably lower than the average between 1973 and 1975. I should like to refer to the figures for the past number of years.

In 1971 the Canadian net direct investment flow into the United States was \$122 million, in 1972 it was \$149 million, in 1973 it was \$453 million, in 1974 it was \$482 million, in 1975 it was \$454 million, in 1976 it was \$234 million, and from July, 1976, to June, 1977, it was \$313 million. Therefore that indicates that in recent years there has been a decline. We are well aware that there have been some causes for the recent increase in money flowing into the United States.

**Mr. Epp:** I wonder why.

**Mr. Horner:** I will give the hon. member some of the reasons why.

**Mr. McKenzie:** You only have three minutes left.

**Mr. Horner:** In recent years we have seen the Government of Canada purchase a potash company from American interests. That money flowed back into the United States. It did not stay in Canada. That was not an act by this government. It was not an act that this government could even stop. It certainly had the net effect of discouraging investments within this country.

Petro-Can bought Atlantic Richfield shares for \$340 million. If the hon. member has been following the actions of Atlantic Richfield, in recent years it had to withdraw from participation within the Canadian oil industry.

**Mr. McKenzie:** Who owns Petro-Can?

**Mr. Horner:** So, that \$340 million was a net flow out of this country, and more than likely into the United States.

**The Acting Speaker (Mr. Ethier):** I regret to interrupt the hon. minister but his allotted time has expired.

CUSTOMS—SUGGESTED INCREASE IN STAFF AT UNITED STATES-BRITISH COLUMBIA BORDER POINTS

**Mr. Benno Friesen (Surrey-White Rock):** Mr. Speaker, ever since I was elected about three years ago, I have been making representations in this House regarding the problem of traffic pile-ups at the Douglas border crossing which is in my riding. One of the problems we face is that there is a traffic