

Jobs can be found in areas where raw materials are refined, processed and manufactured into finished goods which are sold to consumers. That is where the labour intensive sector of the economy is. We export our resources and in turn import the finished product. Mainly we export our raw materials to the United States. The raw materials are turned into finished goods which we import from the United States. Thus the Americans receive jobs. It has been estimated that for every job created in the Canadian resource sector, perhaps we forgo two to five jobs which could have been created in manufacturing. The resource sector is capital-intensive. All one has to think of is Syncrude and other energy projects. A large amount of money is poured into those sectors of the economy. One should compare the number of jobs produced as a result of those projects to a similar investment of moneys into the manufacturing sector and the amount of jobs produced there. We are losing out in that sense.

Because Canada depends on the export of raw materials and the import of manufactured goods, we are faced with perpetually high unemployment. Until that type of economic development is changed, Canada will continue to be faced with high unemployment. Projections have indicated that there will be 475,000 young people graduating from or leaving school each year between now and 1985. Yet when we look at the past record, in 1976 only 209,000 more jobs were provided than in 1975. As long as we depend on a resource based economy, jobs cannot be created to meet the demands of more and more young people coming on to the market. We require an industrial strategy which eliminates dependence on resources alone and which moves toward developing a strong and healthy manufacturing sector where the jobs are.

I have looked at many studies which I do not have the time to go into. The Belgium study has shown that the return on research and development investment is two to four times the return on investment in fixed assets. We are beginning to appreciate how important it is to develop that sector. We must move toward creating a viable manufacturing sector in Canada. When we recognize that research and development is so essential to creating a healthy manufacturing sector, why do we continue to import so much of this research and development? Why is it not done in Canada? One of the reasons is the lack of policy and direction from the federal government. Another important reason is the degree of foreign ownership in the Canadian economy today.

When one looks at foreign ownership and the policies of parent companies which affect the branch plants in Canada, one finds an active and deliberate policy to discourage research and development in Canadian subsidiaries. I could document this by referring to various cases. Foreign ownership has discouraged research and development as well as having fragmented and distorted the entire structure of our manufacturing industry. For example, as of 1970, 53 per cent of our manufacturing was foreign owned. I will not bore the House with figures, but we are aware that it ranges from a high of 96 per cent of our petroleum industry being foreign owned to 53 per cent of our manufacturing industry. If so much of our

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economy is foreign owned, how can we expect to develop an independent policy or strategy in terms of manufacturing research and development?

Ford of Canada has sales amounting to billions of dollars, but not one Ph.D is employed by that company. Ford has no research and development facilities in Canada. Research and development is done in its parent company in the United States. That is where university graduates are being hired, not in Canada. That is evident in every industry. The foreign parent company retains research and development in its own country, mostly the United States. The foreign parent company does not want to release that information and technology to a subsidiary company located in Canada.

Thus, research and development to design a car that can withstand Canadian winters is not done here, it is done in the United States. We do not have openings for our young people to find jobs, nor is there a chance for indigenous industry in Canada to strike out on its own on a path which would benefit our economy. It is controlled by the parent company in the United States or wherever. Canadian branch plants have mainly become assembly points for the products produced by foreign parent companies. Canadian employees merely put the pieces together. That does not require highly skilled people, such as the scientists and technologists that would be necessary in order to partake of research and development.

In 1975 \$4½ billion in auto parts were imported into Canada. Those auto parts were produced in the United States and provided jobs for Americans. Another problem which results from foreign ownership is: if there is a slowdown, the parent companies lay off people in their own countries. Thus, if there is a slowdown, Canadians are laid off before Americans and Europeans employed by the parent companies.

Another disadvantage Canada faces is the outflow of profits, dividends, royalties and management fees, which could have remained in Canada and provided us with capital to expand. Because we are so highly foreign owned, the profits and dividends leave the country and benefit the parent companies. As a result, we are all the poorer.

Canadian industry is faced with a situation where there are such powerful multinational corporations in the world that any Canadian company is at a real disadvantage when attempting to find export markets. The parent companies do not want subsidiaries to be competing with them. Thus, Canadian subsidiaries are discouraged from going out into the world market in order to participate in trading, which would create more jobs for our country.

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The other problem, of course, is that any Canadian industry now is faced with the problem of high competition from the multinationals which are moving into third world countries where there is cheap labour, where there are very few environmental laws, etc. As a result, we find the Inco situation and others where Canadian workers are being laid off, all symptoms of how we as a nation have lost control over our economy