

● (1750)

[English]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise to say a few words about this clause of the Bill because we believe that it is important that investment by the Canadian Government in the form of tax concessions to foreign and Canadian companies be made under terms and conditions that will benefit Canadians as a whole. Frequently, Canadian and non-Canadian companies have been able to get substantial grants to help the company and benefit the shareholder but which have been detrimental to the interest of Canadians.

I include in those companies some very important and progressive research and development-oriented Canadian companies in Canada. For example, one such company has one of the best records for investing in the research and development of new products and is at the forefront of the technological revolution. That company is Northern Telecom. It is a star among Canadian corporations, and deservedly so. Its sales in 1984 probably topped \$4 billion. In 1983, its net profits were more than \$1 million a day. The profits were up 92 per cent over the previous year. Stock, which had been worth \$13 a share in 1982, is now selling at approximately \$50.

Northern Telecom has invested very heavily in the research and development of digital technology. That investment has paid off handsomely for the company and its shareholders, as it should. Between 1976 and 1980, the number of the Northern Telecom workforce declined in Canada although its sales doubled. That is the sort of problem which I think we must face.

In the United States, however, the company's workforce increased from approximately 2,900 in 1976 to almost 19,000 at the present time. Therefore, if we are going to help companies in research and development through government grants or tax concessions, surely we should expect that the benefit will not go just to the company's shareholders but will go to Canadians as well.

More important to Canada is that not only has the number of Northern Telecom's workforce increased in the United States, the problem is that there are now 600 Northern Telecom employees in the United States who are scientists, engineers and other highly skilled people.

A Northern Telecom affiliate, Bell Northern Research, is jointly owned by Bell Canada and Northern Telecom. It now does product research and development in plants in Atlanta, Georgia; Mountain View, California; Durham County Park, North Carolina; Richardson, Texas and Ann Arbor, Michigan. This is an industry in which the company's research and

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development gives a very clear indication of the future direction in which that corporation is moving.

The question we must ask ourselves, therefore, is whether the company's future development and expansion is to be in the United States rather than Canada. If so, we must ask ourselves whether we are justified in giving the kinds of grants and tax concessions it has been given.

The company now has 14 plants in the United States. George Takoch, the author of an article which appeared in *Saturday Night*, asked "Are we witnessing the deCanadianization of Northern Telecom?" That is a crucial question because Northern Telecom is one of Canada's best companies. Bell Canada and Northern Telecom jointly own Bell Northern Research. They employ 2,500 scientists, engineers and other highly trained people in five laboratories in Canada.

Last year, the company announced a \$20 million expansion in Ottawa, which will create 200 new jobs in research and development. While that sounds great, in 1983 Northern Telecom spent \$900 million in research and development and capital investment. Approximately one-third of the research and development investment and about one-half of the capital investment was made outside of Canada.

The development of the company's electronic offices systems products has been allocated to the company's subsidiary in the United States. Northern Telecom's DMS-100 switch, one of its most important products, which was once produced only in Canada is now produced in Canada and in the United States. Recently, when the demand for that product increased, 1,000 new workers were hired in the United States but none in Canada. A similar situation occurred with the company's SL-1 digital business and communications system. In 1983, when demand increased, the Santa Clara plant in the United States was expanded. The Belleville, Ontario, plant was not.

I put this information on the record because Northern Telecom's growth is due to a large extent to substantial help which it has received from the Canadian Government. In 1968, Northern Telecom received a \$6 million grant to bring its SP-1 telephone switching system on stream. Between 1976 and 1983, the Canadian Government supported that company in the form of tax relief to the tune of \$26 million.

I believe that if we are to help companies like Northern Telecom, which is one of the best, we have a right to expect that the benefits will not only go to the stockholders but will go to all Canadians. That is the reason for our amendment.

[Translation]

The Acting Speaker (Mr. Paproski): It being 6 p.m., the House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 2(1).

The House adjourned at 6 p.m.