

United States and the United Kingdom were roughly equal. Then, the flow of investment capital from the United States into Canada became greater and greater while that from the United Kingdom fell off. It is also interesting to note that United Kingdom investment was mostly portfolio investment, including railways, canals and other investments of that type, whereas U.S. investment went into industry in Canada. Had it not been for this situation, the people of Canada today would probably be accepting half the standard of living they presently enjoy. There would have been a Chinese wall along this 5,000 mile boarder that separates us from the U.S.

If with all our great natural resources which the United States craves for—and we have the resources that the U.S. is growing short of—we cannot do the necessary research in this country to develop the particular products that are peculiar to our resources and which other countries have been unable to develop, then I suggest there is something wrong with us. The minister knows as well as I do that if you spend the required amount of money on research and you have the right men, you will be able to market products you can sell to the world.

This is what I conceive we should be doing. We should be spending much more money and using our educated young people, many of whom today are walking the streets hunting for jobs as research workers. If they are insufficiently trained, then we should send them back to school and make researchers out of them. To date we have depended on the United States to do the research for us. U.S. subsidiaries operating in Canada largely depend on their parent companies in the United States for research.

I was talking to a manufacturer the other day in my constituency who told me: "Ten years ago when we needed some money, a time when we employed less than 100 people in our factory, do you know where we had to get it? We had to go south of the border to our parent firm. We got the money and today we are employing 600 people". I can see no reason why we should not talk to the United States, tell them that we have the resources, that they have the know how and the industrial base, so let us work this out to the benefit of both of us. We are neighbours by geography, and historically we are blood related. You have the French descendants in the New England states, whereas in other parts you have Anglo-Saxon descendants. Why do we not sit around a table and work out what is in the best interests both of Canada and the United States? I think this could be done, and must be done.

Hon. Alastair Gillespie (Minister of Industry, Trade and Commerce): Mr. Speaker, I am very pleased to be rising at this time to conclude the debate on second reading. It has been a debate which I think all members have sensed to be a rather dramatic occurrence. I listened to the various speeches for their thoughtfulness and for their imagination as well. I think we all sensed there was an emergency with regard to foreign investment, and I think there is a general disposition on the part of the House to regard this measure as timely.

I was particularly struck by the amount of common ground that exists between the various parties. This is as it should be, since this is a question of national concern. For instance, there is general agreement that a problem

Foreign Investment Review

does exist and that something should be done about it. There is even a large measure of agreement on the general policy approaches which should be taken. Various speakers have alluded to the economic policies that Canada should have—policies with respect to the pursuit of full employment; policies with respect to encouraging Canadian savings and entrepreneurship. The hon. member for Trinity (Mr. Hellyer) referred to these matters, and so have others on both sides of the House.

The hon. member went on to emphasize, as did the previous speaker from Simcoe North (Mr. Rynard), the importance of research and development which is undertaken in Canada. He referred to the need for flexibility in our financial institutions and to efforts to increase our exports. Without wanting to sound immodest, I think hon. members could have found all those particular policy thrusts in my own statement on second reading when I introduced this bill.

Perhaps it might be worth mentioning that the economic background to the development of Canada and to foreign investment policy has to be seen, from our vantage point, as one of the key elements in a coherent set of industrial policies for Canada. Some would use the phrase, "the industrial strategy" which covers the broad band of policies.

Let me refer to one or two of the items which were alluded to. For example, entrepreneurship. The government has adopted a two-fold approach in this area, one relating to financing and the other to the development of managerial and entrepreneurial capability. On the financing side, the government has introduced programs such as the general adjustment assistance program, GAAP, and the defence industry productivity program, DIP. Then, we have the operations of the Industrial Development Bank which are under review by the government. Special additional measures are also contemplated in relation to the financing of small business. On the management side, the government is thinking of expanding, indeed, doing more than that, is planning its counselling assistance to the small enterprises program, CASE, which was introduced a year ago in Montreal and subsequently in Winnipeg. I would hope that during this fiscal year it will be introduced in a number of centres across the country.

• (1750)

I would refer as well to the question of support for research and development to which the hon. member for Simcoe North referred. We do have a substantial government assistance program for the advancement of industrial technology, PAIT, the Industrial Research and Development Incentives Act, IRDIA, shared on a 50-50 basis, as well as the Industrial Design Assistance Program. The Industrial Research and Development Incentives Act allows for outright grants in respect of new industry or innovative research.

As the Minister of State for Science and Technology I announced a year ago the government's new policy on contracting out research and development projects previously undertaken by the private sector. In other words, we are giving the private sector an opportunity of learning from research efforts by the government. In this way we are assisting in the development, if you like, of a distinct