

commitment to promoting U.K. employment". Moreover, Mr. Speaker, we have legislation in the form of the Telecommunications Bill of the British Government. If the Minister and Members will look at Section 85 of that Bill they will see quite clearly the capacity of the Secretary of State of the British Government to intervene and give directions to British Telecom with respect to points which the Secretary of State considers crucial to the national interest of Britain.

I am sure that some Members of the House have lived in Britain, as I have. I am sure they have dealt with British Telecom, as I have, and have learned how long it takes to get a telephone in Britain. I would like to quote from Francis McNerney, the Vice-President of Northern Business Information in New York who predicted the problems with Northern Telecom. He said that British Telecom "has not demonstrated its marketing savvy or product management ability". He goes on to note that the British company has spent almost all of its corporate life in the hothouse atmosphere of Government ownership. He said:

It has operated in highly structured markets where most of the competition is by Government fiat.

We must recognize that British Telecom is under threat from all three British Opposition Parties of being renationalized, and of having complete control over that company once again established. As the present public opinion polls in Britain show, with the Thatcher Government running behind Labour, that is a threat which must be taken seriously. The uncertainties for Mitel which arise from that are quite damaging.

What will happen as a result of the take-over? At best, British Telecom will use Mitel to fight IBM and AT & T in the U.S. market. As sure as I am standing here, Mr. Speaker, that will shift production to the Mitel subsidiaries in the United States. If we had a state role in Northern Telecom I would want to see it behaving in this way too. I would want it to give preference to Canadian employment, which is what British Telecom is expected to do. We will see a shift of production to Mitel's British subsidiaries and a shift of research and development expenditures to Britain to be close to the British Telecom staff. That is the best case scenario, Mr. Speaker. The worst that can happen is that the company will face those problems as well as the additional problem of being cut off when nationalization takes place again in two or three years.

We must take a fast moving route, Mr. Speaker, not one which waits for review by FIRA. We need the pluses of a loose association between Mitel and British Telecom. The Minister must intervene with people at Mitel by telling them to take up the 18.5 per cent share offer and forget about majority control. Second, the Government must come through with that which the Government before it did not provide, Government assistance, to get this key success story back on the rails and to enable it to provide us with the jobs, research, and spin-offs which will meet the technological problem which the whole House recognizes. I plead with the Minister, not to react as an ideologist in this case but in recognition of that sense of danger

to our country and this company. I ask the Minister to listen and act with the interest of Canada at heart.

● (1230)

**Mr. Axworthy:** Mr. Speaker, during the course of his remarks, the Hon. Member for Essex-Windsor (Mr. Langdon) made reference to a statement by the President, Mr. Cowpland, concerning the assistance or lack of it by the previous regime. I think it is important to point out that I dispute those comments.

If one examines the record, it will show that since approximately 1979 at least \$35 million was allocated for that company in direct assistance. There was some \$20 million set aside for their establishment of factories at Buctouche, New Brunswick, and Arnprior. In fact, the company in Arnprior did not go ahead because of market problems, but the Government still offered the assistance.

Second, there was a \$9.9 million grant given directly for R and D purposes that allowed Mitel to do the upscaling work on the new technology they are developing, the RX-2000.

Third, there was a grant of approximately \$5.5 million to develop a program for the expansion of their Ottawa facilities.

When I was the Minister of Employment and Immigration, I personally recall negotiating with the high tech industry in the Ottawa area, along with my colleague, the Hon. Member for Ottawa-Vanier (Mr. Gauthier), a very important training program with the high tech industry in the Ottawa Valley that provided major investments of federal funds under the skills upgrading program to provide for high tech training of the existing workforce. That was in 1982.

During all of this period, the federal Government, of which I was a member, recognized the value and gave support. Obviously, it would have to operate in terms of its discretion with respect to the management decisions that were being made.

I stand to be corrected but I understand that in the latest case, before the election there was an application by Mitel that had never been specifically rejected.

**Mr. Dick:** It was rejected.

**Mr. Axworthy:** Maybe in your mind, as a legal counsel, it was, but the fact is that the final decision had not been taken.

**Mr. Dick:** Ed Lumley said no.

**Mr. Axworthy:** There was never a public announcement.

**Mr. Dick:** You never announced your negatives.

**Mr. Axworthy:** The member for Mitel might want to comment because he is closely associated with the company. The fact is that I wanted to point out that some \$35 million worth of assistance was put forward. That was only a small part.

The point we are making is that it is critical in cases such as manpower training and research and development that there be a policy in place. We had a policy in place, the IRDP,