

*Investment Canada Act*

national operation, where is the likely place for most of the research and development to take place? In a distant branch plant or in the parent head office? Of course it will be back in the parent plant.

There is a real need for Canada to expand its market opportunities. I would ask Members who are present a simple question: Where will the initiative to expand into new and, in particular, overseas markets originate? Will it originate in the branch plant in Canada or will it flow out of the parent company in the United States, Japan, Europe or wherever? The answer is perfectly clear. The branch plant is not here because this is the base of international operations. It is to serve a domestic or regional market within Canada, not as a major launching pad for foreign operations.

It is clear that research and development is not going to take place in firms that are foreign owned and controlled. In terms of creating more jobs, it is not there in terms of this Bill. FIRA is not something that somebody dreamed up one afternoon and decided to impose on the people and industries of Canada. For years and years in this country the problems of foreign investment were well known. Report after report documented the difficulties faced by a country which has so much foreign investment and foreign control over its economy.

In 1974 it was decided to put together a mechanism so that when an outside agency wished to enter Canada, participate and invest in the Canadian economy, it would have to demonstrate that that would result in some net gain to Canada and Canadians. As a mechanism, I do not think anybody could argue with that. If a firm wanted to come to Canada from which there would be no net gain to Canadians, why would we need it here? If it can demonstrate by entering Canada with its investment that there will be a net gain in terms of research and development, job creation and economic expansion, so be it.

That is why FIRA was introduced in 1974. Time after time we in this Party criticized that it had many shortcomings, that it was too secretive, too costly for some firms because of all the red tape through which they had to dodge and weave, and that the processing of applications was unnecessarily long. There were problems associated with it, but the response was not to emasculate this process. It was not to throw it out and put up a sign that we in this country are now for sale.

Let us recognize the problems and deal with them. The members of the New Democratic Party have often called for more appropriate foreign investment in our country. We said that if Japanese auto industries were going to come into Canada, sell vehicles, make large profits and take them to Japan, they should invest in this country. We said that if they were going to take profits out of Canada, they should create jobs as a result of investment in this country, building some Canadian content into those vehicles. We have been advocating that for a long time.

Since its inception in 1974, FIRA has received thousands and thousands of applications. In the last handful of years, about 98 per cent of those applications have been approved. I wonder how many legitimate mature firms have actually con-

sidered FIRA to be a major hurdle to their plans to invest in Canada. I do not think there is much hard data to indicate that there are large numbers of firms that would have invested in Canada if they did not have to go through this little streamlining system before they could enter.

Every industrialized western nation has its own version of FIRA, including the United States. As we stand here today and debate this Investment Canada Bill, there are 21 Bills before Congress, all of which can be called protectionist Bills. They are non-tariff barriers to restrict foreign investment in the United States.

The amount of Canadian production related to foreign controlled investment in Canada amounts to about 34 per cent on an annual basis. In the United States it is not 34 per cent, but 3 to 4 per cent of American production as a result of foreign controlled enterprises in that country. The U.S. has all kinds of concerns about that 3 to 4 per cent. There are all kinds of protectionist measures that it is debating today. All sorts of groups are watching this foreign involvement in their economy.

We heard in this House today the concerns of the forest industry in the United States. They are considering imposing lumber quotas or countervailing duties on Canada. We have gone through the steel industry and the copper industry in terms of their concerns about foreign imports.

In the United States, 3 to 4 per cent of its production is from foreign owned firms, whereas in Canada it is 34 per cent. Our response is to throw open the gates even more. We want more foreign involvement, more foreign investment. We in the New Democratic Party are not convinced that this is in the best interest of Canadians. This will not create the 1.5 million jobs that are required in our country today.

I want to go through some specifics in terms of FIRA. A great many myths have been perpetuated in the last while. We have looked around for a bogeyman, something on which to blame our economic woes. Instead of blaming the past Liberal Governments' ineptness in terms of developing a sound economy that reflects the realities of the 1990s, we picked out FIRA as the culprit. This is going to be changed and we are going to invite more foreign investment than any single industrialized nation in the world, more foreign investment and control than in many developed countries. The new Government says this will work, creating the necessary confidence, investment and jobs. It is a little bit like Peter Pan. Peter Pan said: "Anyone can fly if he just believes it. If you believe it strong enough and long enough, you too can fly". The Peter Pan approach is a Conservative approach to economic development.

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Let us look at some of the facts regarding foreign investment in Canada. The approval rate for FIRA applications over the past two years has been between 95 per cent and 98 per cent. Less than one-half of those approved foreign takeovers intended to increase investment or provide any new jobs. Since the beginning of 1984, 16 per cent of those approved takeovers