

The Budget—Mr. Leggatt

compete in the western world, is simply not true. It will not bear serious examination when one looks at the balance of payments account.

We have been merrily encouraging capital of every kind and description, without discrimination, to come to Canada, since I arrived in this place in 1972. We started with a foreign investment review agency—a wonderful thing and a far better term than a welcome wagon. Look at its operation in 1976-77. Out of 235 applications, 19 were disallowed. The turn-down rate is something like 10 per cent. Of those persons applying to acquire Canadian businesses already in operation, the rejection rate is only 10 per cent. We have not merely been encouraging the setting up of new operations, but we have been encouraging a foreign takeover at a rapid rate. In terms of operating new businesses, out of 207 applications 14 were disallowed, which is a 7 per cent turn down rate in that area.

This portfolio was previously under the jurisdiction of the Minister of Finance (Mr. Chrétien). The Minister of Industry, Trade and Commerce (Mr. Horner), that famous progressive liberal from Alberta is now operating and managing the Foreign Investment Review Agency. Talk about putting a fox among the chickens! There it is. If hon. members thought the previous minister tried to stream foreign investment into productive areas, hon. members can bet this one will not touch it with a 10-foot pole. He does not care where the money comes from and he does not care for what purpose it is used. In any kind of long-term industrial strategy, problems of unemployment and of the declining Canadian dollar will not be solved as long as this massive hemorrhage of Canadian funds abroad continues. Canada has a branch plant economy. Until Canada leans to grow up and mature as an economy, as long as this country continues to be a branch plant economy, Canadians will be the first fired and the last hired.

Now we come to the question of research and development. Here we have a budget which is moving to a 150 per cent write-off for research and development for corporations. This is an admission that we are not doing enough research and development in Canada. All these changes in the budget will have no effect whatsoever unless it is understood that research and development are done at the head offices of multinational corporations. They could not care less how much research and development is done in a branch plant. The reason is obvious. They do not want the branch plant competing with the head office in sales anywhere in the world.

The major multinational oil companies are the spoiled brats of the corporate sector. They always have their hands out. This time they are getting a special oil depletion allowance of an extra 50 per cent, I think—I would have to check the figures. In any event there will be no money going into research and development. The research and development for the oil companies are done in Los Angeles, San Francisco. They are not interested. In an industry which is 99 per cent owned abroad, they are not interested in employing Canadians in research and development unless it is in the United States.

These multinationals pick our brightest graduates from our engineering schools; our best scientists are constantly

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encouraged and recruited to leave this country. Our best people leave Canada because Canadian politicians have never had the foresight or the guts to understand that until we own and control our own economy, Canada will not grow up providing employment to our better skilled and more intelligent people. They will continue to be attracted abroad, and they will continue to make contributions in technology in countries like the United States. That same technology then comes north to compete with our struggling industry here.

So there is 150 per cent write-off on research and development. In school I did not understand what 150 per cent was. I thought one went to 100 per cent and wondered how you get the other 50 per cent. The reality is this: if you happen to be in the manufacturing industry you could write off the whole cost of research and development now. What the government has said is, "Take another 50 per cent." It could have been done another way. It could have said, "Here is a handout, folks." The corporations not only get 100 per cent but all those taxpayers out there, like you and me, have to reach into their pockets and pay money back. That is a good old deficit position. Remember the corporate welfare bums? Just add it to the list, brother. There they are. There's another 50 per cent, and there's the hand in my pocket again. They have some record. The manufacturing sector in this country is spending .7 per cent of its sales returns in research and development. That is a miniscule amount. Mr. Speaker, if we want research and development the heights of this economy must be controlled by Canadians and owned by Canadians. Those decisions have to be taken by Canadians, not abroad.

● (1552)

We are in the glue all right. We have an \$11 billion deficit and I agree there is not a lot of manoeuvring room. The gnomes of Zurich have looked at it and said, "These guys cannot run a peanut stand, we don't have any confidence in their operation." And as is the case when any operation is in the glue that deep, they have started to speculate against the Canadian dollar. Even if ministers had wished, they probably could not have done much in terms of providing public employment unless they had been willing to reorder their priorities and hurt their friends for the first time. And they were not prepared to do that before an election—it is a little dangerous to play around with the upper middle class in Canada because they all vote. They are very careful, when going to the polls, to make sure they have a government which will continue to give them the kind of subsidized upper class housing, subsidized retirement savings programs, and all these wonderful things of which the upper middle class has taken such tremendous advantage. The government is not about to produce a budget which would reorient that situation.

Let me tell you briefly what should have been done in the budget, Mr. Speaker. One and a half billion dollars—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his time has expired. He may