

Income Tax Act

I see no evidence that they are creating a better climate in this country, and I will go into some detail on that point in a moment. The Minister of Finance went on to say:

I have to add that I am disappointed, so far at least, in the reaction of the Canadian business community to the many changes in government policy that are favouring private sector development. The room is there for private initiative. The incentives are there. With a million Canadians out of work, the need is there for job creating expansion. The first ministers of this country have said: Look, we don't think government make-work and bootstrap operations are the answer to our problems.

I certainly agree with the Minister of Finance on that. It is unfortunate that the Canadian Manufacturers' Association and other business people in this country are not taking advantage of these so-called proposals and initiatives. They are taking them down to the United States. What concerns me in this debate is that there has not been one comment from a government member about the mass exodus of investment money and businesses from Canada. It is absolutely ludicrous for them to ignore this.

I would like to quote from a recent article reporting on Northern Telecom moving to the United States. The article reads:

By 1982, the 100th anniversary of its founding in Canada, Northern Telecom Limited, Canada's largest telecommunications manufacturer, will be largely an American enterprise—consequently, its Canadian employment will screech to a standstill, while its U.S. employment will quadruple. As a result, Telecom's 5,061 Canadian suppliers will be unable to cash in on its U.S. growth because Telecom's U.S. operations only buy in the U.S.—

It is by no means alone. According to the Conference Board, a New York based private business research organization, Canada with 49 investments ranked second in foreign manufacturing investments in the U.S. in 1977, compared with the 53 of leader West Germany.

Telecom Chairman, Robert Scrivener predicts that the U.S. portion—now \$228 million—of Telecom's sales will grow from 18 per cent last year to 45 per cent in 1982. By contrast, the Canadian portion—now \$925 million—is expected to drop from 73 per cent last year to 40 per cent.

That is just one example, but there are a large number of businesses that are moving out. This tax bill and all the statements and speeches made by government members as well as the Minister of Finance certainly do not encourage anybody to stay in this country. The article goes on to read:

For Telecom's Canadian workers, the implications of Telecom's shrinking Canadian outlook are all bad. If, as Scrivener says, "payroll tracks sales," Canadian employment by 1982 will have levelled off but U.S. employment will have almost quadrupled.

Those are devastating figures. The article goes on:

Already, Canadian employment has decreased 9 per cent from a year ago, whereas U.S. employment is up 29 per cent.

With this trend we will never overcome the problem of our unemployment. As I stated before, unemployment is costing the taxpayers of Canada \$8 billion, UIC is costing \$4 billion a year, welfare is costing \$2 billion, and \$2 billion is lost in taxes.

Here is another report on how we are creating jobs in the United States, especially in Florida. Scarcely a single community in Florida does not feel the impact. In Dade County, Florida, a consortium led by Canada's Markborough Properties is spending \$1 billion on an 18-year project to build an entire town, Villages of Homestead, that will add more than

14,000 homes to the tight south Florida market and provide 4,000 jobs. Would it not be wonderful if those developers could stay here and develop some of their projects here? But they are taking their money and expertise to the United States.

I have done some research on some of the other companies which are moving to the U.S. or expanding to the U.S. We now find that Canada has moved from being a recipient of foreign investment to being a net exporter of funds. In 1977, Canadian direct investment abroad, CDIA, stood at \$790 million, foreign direct investment in Canada stood at \$410 million, and the balance or net outflow amounted to a deficit of \$380 million. The balance sheet assets of Canada's U.S. affiliates, according to a U.S. study, totalled \$24 billion in early 1977. The following corporations, deemed Canadian by the Conference Board, made major new investments in the United States in the third and fourth quarters of 1977.

I would like to read the names of the companies which are moving and expanding to the United States and investing there. They are: Tonecraft, Commercial Label and Tag, Québécoi, Hudson Bay Mining and Smelting, Standard Industries, Santana, Kins Management Ltd., Alcan Aluminium, Bell Canada, U.S. Bell Canada, Tridon Ltd., Sun Pac Foods, Ivaco Industries Ltd., CTC Industries, British Columbia Forest Products, Thomson Newspapers, Harlequin Enterprises, Reichhold Chemicals Limited, Hudson Bay Mining, Renwick of Canada, NRG International, GSC Electronics, Robin Sportswear Ltd., Original Jewellery, John O'Connor and Son and Junjian Company Ltd.

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I should now like to refer to some of the investments which are going to the United States to the detriment of Canada. In the first quarter of 1978 in the area of food and related products a number of companies moved to the United States. John Labatt, Ltd. announced plans for a wheat starch and gluten facility in South Carolina.

In the area of textiles, Industrial Knitting has leased a plant in New York State to produce elastic netting. Why could that company not lease a plant to produce elastic netting in Canada?

During the last year and a half members of my party have raised this matter with the Minister of Industry, Trade and Commerce (Mr. Horner), the Minister of Finance (Mr. Chrétien) and the Prime Minister (Mr. Trudeau). We asked them what they were prepared to do about this serious outflow of business investment money. All we have received are negative responses. Also we are told that we should not raise this subject. We will continue to raise this subject until some action is taken. The government must sit down with these people and find out why they are not prepared to stay in Canada.

In the area of chemicals, Kingston Spinners will manufacture synthetic yarns in Georgia. The initial employment will be 35 to 40 persons.

In the area of rubber and miscellaneous plastics, St. Lawrence Steel & Wire Co. Ltd. has leased facilities in New York state and will produce hockey masks. Good Heavens, can we