

Investment Canada Act

from the truth. In fact, it has been proven that if we encourage foreign investment in a country, that foreign investment will go to the areas which are the most successful and not to areas which need economic assistance.

This Government has no concept of regional development whatsoever. In my own area of Cape Breton Island the unemployment rate is 29.5 per cent. It is the highest by far that it has ever been. This is an unemployment rate which this Government and Employment Canada acknowledges. The actual rate is well over 40 per cent. Yet when this Government came into power it cancelled projects which were going to create jobs. It cancelled these projects in accordance with its policy of political attrition, nothing more. And it has not only not replaced those jobs which were cancelled but it has not replaced the ideas which were in existence for creating jobs. This Government has not come forward with one idea. To make it more dangerous, the man who is in charge of regional development is also the Cabinet Minister in charge of the cabinet committee which approves funds for regional development and economic expenditures.

It is absolutely frightening, Mr. Speaker, that this Government not only has no conception of regional development but has no concern for people. We have in this Investment Canada Act a lot of verbiage which is not in the interests of Canada but is in the interests of the Minister of Regional Industrial Expansion (Mr. Stevens). He has managed somehow with his own limited horizons to convince his cabinet colleagues that this legislation is going to be in the best interests of this country. Foreign expenditure in this country is not going to be investment, it is going to be a buy-all. This is what we are going to see from foreign capital. It is the only thing we are going to see, and this Government will be responsible. Why does the Government not give incentives to encourage small business and Canadians to invest in their own country? It is not doing this. It is taking away the incentives which were there before.

With respect to the Small Businesses Loans Act, it has taken away what incentive there was—and there wasn't very much—for the banks to put small business loans funding into areas where the funding was needed. Since the Small Businesses Loans Act came into being, in my area with an official unemployment rate of 29.5 per cent, the chartered banks have not allocated \$1 under the Small Businesses Loans Act. What is the purpose of this Act? It was had then, but now the Government is only guaranteeing 90 per cent of the bank's investment under this Act. It is requesting a 1 per cent initiation fee, as I would call it, to take on a loan under this Act and to get the security. The Government is completely ruining any incentive in this country.

The Federal Business Development Bank requires criteria which are more stringent than that of the chartered banks, if that is possible. That is exactly what it is doing. In areas of this country where investment is needed, and where the Government is saying the private sector is the area which has to redevelop the economy of this country, one cannot get a commercial mortgage because the financial institutions are not

prepared to take the chance. Rather than helping Canadians to invest and to make an income in their own country, this Government has completely abandoned its responsibility. The Government is saying, in effect: "To heck with that; we can't be bothered. There is too much detail. They are only little people anyway and it's going to take too many of them to bail us out of the hole we are putting ourselves in, so let's throw open the doors to the multi-nationals and the big foreign companies and hope that they will invest in our country and bail us out."

The only thing that these companies are going to do, Mr. Speaker, is buy up our profitable companies which are short of capital—and there are a lot of good, solid companies which are short of capital. If the foreign companies wave enough dollars in front of these people, they are not going to continue to accept the insults of this Government, the requirements of this Government. They are going to take the easy way out. They are going to sell for the price which is being offered by these multi-nationals and foreign companies, and we are going to lose Canadian content and this country is going to be the worse for it. We will become merely an extension of the head offices of the foreign companies. Canadians are not going to have the advantage of having successful businesses in their own country.

What will be the result of this, Mr. Speaker? We are not going to have a Canadian content. If we hit a downturn, these branch plants are going to be the first to lay off workers. We are seeing that now. The foreign companies are consolidating, particularly in the energy field. The multi-national oil companies are getting rid of their diversifications. They are consolidating their operations and pruning in areas which require more attention than the money which is generated would warrant. This is happening in all sectors of the economy, world-wide. Who is suffering? It is the branch plants of these foreign companies, and a lot of them are closing. We are going to lose a lot of jobs as a result of that. The employment we want to achieve for the people is not going to be there. In the manufacturing sector we are losing jobs to the parent companies. We are encouraging these companies to be more productive and competitive and as a result they are mechanizing, increasing their technical capabilities and laying off people.

Where are the jobs we need coming from? They are not coming from Canadian investment, because Canadian investment is not going to be given the incentive it needs. They are not coming from the multinationals and foreign companies because they do not want to invest. They want to use their capital to buy what already exists. They will then reduce the number of jobs because what they buy will be a duplication of other operations they have.

● (1530)

This Bill is wrong. There is nothing wrong with foreign investment, as I have said, and nothing wrong with the Foreign Investment Review Act as it was. It encouraged foreign investment but looked after the rights of Canadians and Canadian companies.