

Investment Canada Act

Foreign firms undertake far less research and development activities in Canada than Canadian firms do. In 1982, the level of research and development in Canada by Canadian firms was 1.4 per cent of sales, while for United States firms, this was 1 per cent, and for firms from other countries 0.9 per cent. These figures are even more revealing if we consider the fact that foreign firms are usually bigger and have access to markets already opened up by the parent company.

In addition, the degree of technological imports tends to increase rapidly as the level of foreign ownership rises. Such imports may reduce the creative capabilities of Canadian industry, jeopardize the development of qualified Canadian researchers, and even force many of them to leave the country.

Mr. Speaker, without foreign investment review, without maintaining the right of the Government and the Minister to exercise effective control, foreign investment may have a disastrous effect on Canadian exports, which constitute nearly 30 per cent of our GNP, and are thus a major source of income for this country.

Although foreign companies export a large part of their production, they generally must comply with the parent company's trade strategy. I have said so before and I repeat that they do not develop their own trade network here in Canada. Their products are for the most part shipped to the parent company or to other branches. These internal exchanges may very well prevent the expansion of Canada's trade. I shall, if I may, recall two quite recent occurrences.

[English]

The Hyundai company is established in the Minister's riding. It was because of the existing FIRA regulations that we were able to convince this Korean company to invest in Canada and create jobs here. That I applaud. The other one is the White Farm implement company in Ontario. That is an important issue. Borg-Warner, the trustees or holding company of this implement company, under the present legislation has been asked to guarantee that the technology that White Farm possesses in Canada remains in Canada. That is essential. Otherwise, the research and development which has been developed over years and paid for by Canadians, and which should benefit Canadians, will not remain in Canada. That would be wrong.

I will terminate my remarks. I see you are raising your finger, Mr. Speaker, to indicate that I only have a minute left. I will just repeat what I said at the beginning. This country is open for business. Yes, we welcome investment to Canada, but come here with the national interest at heart. Make sure it serves the national interest of Canadians, first by job creation, second by research and development, which is long term planning that is good, and a world product mandate. Make sure it keeps those three matters in mind. Then investment is welcome to come here.

I would ask the Government to consider the reasonable approach that is proposed in the amendment of the Hon. Member for Winnipeg-Fort Garry (Mr. Axworthy). It is

reasonable and would reinforce the Bill. It would give the Bill much more oomph and guts than it has with the Minister's proposals.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I welcome the opportunity to enter this debate. We are debating the purpose of the Act. If we are to pass legislation through this House, the first thing we have to be clear about is the purpose of the legislation. I would like to take note of the purpose of this legislation as outlined in the Government's Bill. Under "Purpose", the Bill states:

Recognizing that increased capital and technology would benefit Canada, the purpose of this Act is to encourage investment in Canada by Canadians and non-Canadians that contributes to economic growth and employment opportunities and to provide for the review of significant investments—

It goes on. Those are very fine words. We have chosen to amend this stated purpose. The purpose outlined in this Bill is to open the doors to foreign investment without a watchman at the door, simply having an unguarded entry into the country. We have moved a rather short but significant motion which comes into the clause at the word "technology" and reads:

"technology under the appropriate terms and conditions established by the government, would benefit Canada,—"

We are emphasizing capital and investment under appropriate terms and conditions. In other words, we do not think that foreign capital should have a free hand in Canada. Rather, foreign capital should have to live by the standards of the Canadian community as expressed through our democratically elected institutions. The public interest should have an impact on the behaviour of capital in this country.

We are not prepared to leave ourselves to the mercy of decisions made in the boardrooms of international and multinational corporations. Those corporations have their own legitimate interest—to make a profit. Their aims do not always coincide with the national interest and the interest of the community. It is important that this legislation recognize that the community interest is primordial, that it comes first. We allow for people and companies to make a fair profit, but it has to be done in a way that serves the over-all community interest.

I will just give a brief example before one o'clock. In Manitoba, Toro Industries, a company which produces small pilling devices for gardening, decided to set up a plant and do some manufacturing in Manitoba. At the insistence of the provincial Government, the company accepted an affirmative action plan as a part of its industry in Manitoba. I think this is a concrete example of how government leadership can affect the behaviour of capital in a positive way and make that capital better serve the community.

● (1300)

That is the fundamental purpose of our amendment. It is to remind capital that it is there at the behest of the community. I will continue my remarks after lunch, Mr. Speaker. I see that you are indicating that my time is short.