much as Canadian companies. In the manufacturing sector, foreign companies imported 30 per cent of their sales, which is four times as much as Canadian companies.

Third, foreign companies account for a disproportionate share of the non-merchandise items such as interest, profits and other services which they buy and pay for overseas. In other words, they spent a lot more money in remittances to foreign countries. If Hon. Members want to find the basis for that, Statistics Canada will clearly show it.

Multi-national corporations seek to maximize their global profits and they do so in any way they can. Consequently, they shift their funds so as to declare higher profits in countries where the tax burden is lower. This goes on all the time and it is basically just a method of increasing the profits of the large corporations which are based in several countries at the same time.

Fourth, in a study of the computer industry it has been found that there was a $50 million loss in income for the Canadian Government in taxation through this mechanism. Those foreign companies paid approximately 30 per cent less than they should have paid because they transferred the costs to Canada and the profits to other countries.

Fifth, foreign-controlled companies export much less in relation to their sales than do their Canadian competitors. These corporations do not compete with their parent companies. They will not export into countries where the parent company is already exporting. Therefore, we lose that kind of competition and the amount of production which these corporations might be able to give. Ninety per cent of the exports of the Canadian subsidiaries went to the U.S. parent companies in 1978, and 57 per cent of those corporations had their subsidiaries restricted in their exports out of Canada.

Sixth, the high foreign control of Canadian industry contributes to poor productivity performance. Again, the effect of foreign control of the industry reduces competition.

I am attempting to give you, Mr. Speaker, and this House, a large number of reasons why this Government should increase the amount of support it gives to Canadian companies and withhold its support to foreign corporations.

• (1510)

Miss Aideen Nicholson (Trinity): Mr. Speaker, the group of motions we have before us are all concerned with putting some measurable, quantifiable element into a Bill which, as it stands before us, is really very vague. The Government has apparently decided that all foreign investment will be so beneficial to Canada that it is not necessary to apply any criteria. While I have said before in the course of debate on this Bill that one could clearly make a case for updating FIRA, which is 10 or 11 years old, the Government has really gone too far in throwing out any requirements for the emphasis to be placed on jobs and research and development within Canada. This cluster of amendments, if accepted, would put some of those requirements back into the legislation.

Let us just go back into the recent history of Canada which led up to the establishment of the Foreign Investment Review Agency. In the early 1960s Canadians realized that the surge of post-war capital entering Canada, mainly from the U.S., was resulting in a great proportion of Canadian industry, particularly resource extraction and manufacturing, ending up under the control of foreign owners. There was a small nationalist group which became very concerned about this and very vocal. Most people were not swept along with that feeling; they did not really see that there was a danger, as the present Government does not see a danger. But then look what happened as time went on. We began to see Canadian companies created by foreign owners for the specific purpose of cultivating and serving the Canadian domestic market. That was a legitimate goal of the companies concerned, but from the point of view of Canadians these companies were not interested in developing export markets. They were particularly not interested in developing Canadian resources or moving into secondary processing, so we found our exports limited to primary products and transactions between foreign owner or parent, parent company and subsidiary, and therefore our balance of payments suffered.

Another very serious result of the branch plant economy was that branch plants imported their management from abroad, usually from the U.S., and when it came time for these managers to have a further promotion they went back to the U.S. or to another country, and therefore Canada was not developing a domestic pool of top management talent. We continue to suffer from that handicap. Then, at the time of the Cuban crisis, the U.S. administration interpreted the Trading With The Enemy Act as applying to Canadian subsidiaries of American companies, even though Canada did not identify Cuba as an enemy. This is only one of many examples of extraterritorial application of domestic U.S. policy which we have seen.

Research and development have tended to become concentrated in the home country. This is a logical thing for the parent company to do as it thinks of its interests, but it certainly does not serve Canadian interests. We have also found in the past that even when a Canadian subsidiary developed a new product or new adaptation, the proprietary rights were repatriated to the head office in another country. When the oil crisis struck in 1974, the Canadian Government found that the major oil companies had been giving it exaggerated figures and the reserves they had claimed simply did not exist. There were a dozen other signs that Canada's open door investment policy had gone too far, hence the establishment of the Foreign Investment Review Agency, which again gave us some control of our economy and has resulted in some significant shifts.

I am all for updating legislation, for the world has changed since FIRA was established. An updating to ensure that the legislation is still current and applicable would have been in order, but the Government has just thrown the door wide open and would put us back to the 1960s situation and 1960s problems.