

Oral Questions

Hon. Erik Nielsen (Deputy Prime Minister and Minister of National Defence): Mr. Speaker, I have told the hon. gentleman what steps Canada has taken. The issue which he raises is certainly in the January 10 statement. Any further alternatives which are to be explored are currently being explored by the Government in preparation for discussion of the entire matter of the elimination of the reprehensible and evil scourge of terrorism throughout the world.

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FINANCIAL INSTITUTIONS**IMASCO TAKEOVER OF GENSTAR—ROLE OF CANADA TRUST**

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Minister of State for Finance. Will the Minister confirm that, as a result of her highly imaginative and highly misleading policy on the Imasco takeover, at the end of next year one Imasco subsidiary, Canada Trust, can make a loan to another Imasco subsidiary, namely, Imperial Tobacco?

● (1125)

Hon. Barbara McDougall (Minister of State (Finance)): Mr. Speaker, the undertaking we have is that there will be no self-dealing whatever between Imasco, its associates and affiliates, and Canada Trust. That is in the schedule which was signed by the company.

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CORPORATE AFFAIRS**INCREASE IN CORPORATE MERGERS**

Hon. Edward Broadbent (Oshawa): Mr. Speaker, in the policy that was announced, that will hold for only one year. It will be interesting to see all that spelled out at some point in the near future.

Quite apart from the self-dealing aspect of this issue, which was of great concern to members of the House committee and members of my Party, we are also concerned about the alarming rate of mergers in the Canadian economy. Is the Minister aware that in the 1960s some 250 mergers took place each year, that in 1985 there were over 700, and the forecast rate of takeovers this year will exceed 900? Is the Minister aware of this trend and, if so, what does the Government plan to do about it if it really believes in competition?

Hon. Barbara McDougall (Minister of State (Finance)): Mr. Speaker, I am sure that many of those mergers and takeovers are probably very positive for Canada. There will be some that will not be because of difficulties in one company or another. Any practical experience in the business field would tell the Hon. Member that sometimes these are very beneficial.

Big-sized companies compete internationally and they compete better sometimes than small companies, not always, but sometimes.

COST TO TAXPAYERS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, if the Minister would read some of her old speeches and some of the old speeches of the Prime Minister, she would pick up interesting observations about such mergers almost never providing more jobs and almost always reducing the amount of competition.

I have had a list prepared of 21 mergers that have taken place since 1979 which shows that these mergers have cost some \$24 billion in the main, without producing more jobs. Also they were mainly financed in some part by tax breaks. If I send the Minister the list of these 21 mergers costing, I repeat, some \$24 billion, will she provide us, not on a case-by-case basis but totalled together, the net cost to the Canadian taxpayer who has been financing these takeovers?

Hon. Barbara McDougall (Minister of State (Finance)): Mr. Speaker, as my colleague, the Minister of Finance, has said in this House, our tax law with regard to the write-off of interest and takeovers and mergers is consistent with other countries'. The Hon. Member may recall an answer given by my colleague, which is inconsistent with what he is asking today, because foreign companies, which the Hon. Member has many times said he does not like, can write off the interest to take over Canadian companies.

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RAILWAYS**NEWFOUNDLAND RAILWAY—FEDERAL-PROVINCIAL DISCUSSIONS**

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is for the Minister of Transport. He knows that Newfoundlanders have been waiting since last September for a decision on the fate of the Newfoundland Railway. Indeed the Minister in this House, and as recently as last night on CBC television in Newfoundland, confirmed that discussions were ongoing with the Newfoundland Government. Can the Minister indicate today when he expects those discussions and negotiations to draw to a conclusion, and a decision one way or the other on the future of the Newfoundland Railway will be announced?

Hon. Don Mazankowski (Minister of Transport): Mr. Speaker, I would hope those discussions will conclude and a decision be reached very soon. I appreciate the Hon. Member's concern about this. I also recognize the concern of Newfoundlanders and the uncertainty that this matter has created. I apologize for that, but nonetheless we are using our very best efforts to try to put together the best kind of transportation package to meet the needs and services of Newfoundland.