

*Foreign Takeovers Review Act*

banker will look at it and assume that you must have money socked away in Switzerland.

What we really import is not money but confidence. In other words, our people and banking institutions do not have confidence in Canadians. I want to assure the minister and all hon. members that Americans are not carpet-baggers. They do not come flocking into this country looking for enterprises to buy. Right now they have strong incentives on their own side of the border for establishing industries in the United States. The DISC program is one such incentive; the U.S. tax structure is another. They do not come up here hoping to swamp us with their money.

We have many enterprising men in Canada who are in business, who run public corporations and private corporations. They know that their businesses cannot grow bit by bit as was the case 50 years ago. They have to take big jumps. If a company is manufacturing shoes and sells to Eaton's, it must be able to produce up to 100,000 pairs of shoes a year. This means buying expensive equipment and getting into a large production schedule. Our banks will not support such companies.

I would like to ask Walter Gordon, the owner of Canadian Management, how many risks he has taken in the last ten years. He will not look at a company unless it has \$5 million in sales and a profit growth picture for the preceding five years. Mr. Speaker, if we could prevent all foreign takeovers then Walter Gordon and his kind would have a field day.

**An hon. Member:** He has a couple of duds on his hands now.

**Mr. Otto:** It is about time he had a dud or two on his hands. When the banks refuse to co-operate with Canadian business, the Canadian businessman may try the IDB. The hon. gentleman from Davenport (Mr. Caccia) spoke about the wonders of the IDB. Mr. Speaker, its loss ratio is one-seventh that of our banks. The IDB will not lend you any money unless you mortgage your plant, your house, your wife, your mother-in-law, and on top of that it will take your television set and you won't get it back until you repay the loan. It is a most farcical institution. Why will the IDB take no risks? Mr. Speaker, can you imagine a civil servant or a pseudo civil servant taking a risk? If you don't have a statement showing past profits and money in the bank, why should such a person take a risk?

After exhausting all approaches to the banks and the IDB, the businessman then becomes a beggar. He gets a broker and hopes to find an American buyer, but at that stage no American is exactly giving away money. The broker will find an American or a German investor. Incidentally, Mr. Speaker, there was a very good series of articles recently on the International Telephone and Telegraph Company. The Canadian entrepreneur does not want to sell his business, but after finding an American buyer he will sign a tentative agreement to sell. Under the provisions of this bill the government will have 90 days in which to consider the matter. Can you imagine any German or American investor waiting 90 days? It is utter nonsense. Such a deal will never go through.

**Mr. Pepin:** It takes two years in some countries.

**Mr. Otto:** But other countries have financial institutions and governments which support their own industry. Who knows what will happen in 90 days? Our Canadian entrepreneur will go broke because he has exhausted every other source. I suggest that the minister revise this provision in the bill so that the businessman may obtain approval from the cabinet first and then try to make a deal with the American investor. That would not put the whole thing in jeopardy. Business is used to this—you either put up or shut up.

• (2120)

This bill says no, you cannot sell. But the government does not say it will buy the business. The government is really saying, "You have your deal and it has already been approved by the directors". But Mr. Speaker, are American directors going to approve something that still has to be approved by the government? It could happen that in the 90 days everything would die out.

Then there is the Canada Development Corporation which after two years is considering buying Connaught Laboratories, a non-profit organization.

**An hon. Member:** Did you vote against it?

**Mr. Otto:** I am all in favour of the Canada Development Corporation but, Mr. Speaker, do you recall that the present chairman of the corporation appeared on national television and said he would not invest a nickel in Canadian industry? Such dedication!

**Mr. Woolliams:** You will have to take this fellow to the woodshed.

**Mr. Otto:** This program was taped about a month before he was appointed chairman, so I admire the CBC for showing it. The Canadian Development Corporation has a great deal to do but it cannot continue to be as cautious as it has been; it must get into the commercial banking field and induce ordinary Canadians to buy shares in Canadian companies. It would be a good deal if they could guarantee the price of the shares. Once Canadians are confident that they are not going to lose their shirts—because our history of investment has been a shirt-losing proposition—I think they would be more willing to invest.

Mr. Speaker, it is all very well to say that Americans are buying up our industry, but have we ever asked why Canadians buy hundreds of millions of dollars worth of American stock every year? I suggest it is because the American government and American laws protect the small investor. In most states of the United States the stock exchange is much better, much cleaner than ours; you do not get "conned" every time you go on the stock market. What has been our history of stock markets? An elevator operator says, "Buy Moose Pasture No. 2 at 17 cents". You buy it and hope it goes to 70 cents. It goes to 80 cents, so you keep it. Then it goes to zero and you have lost your money. It is a giant hoopla.

**Mr. Woolliams:** Don't talk nonsense.

**Mr. Otto:** Mr. Speaker, I do not think the hon. gentleman opposite is so naïve that he does not know that in the resource industry only about 7 cents of every dollar goes