

Supply

happening in the field of takeovers, they should look at the issue of *The Financial Times* which headlines its main story on page one with the title "Take-over fever is back". The present system leads in Canada to what has been called in the United States the process of "greenmail". In that process certain investors, wheelers and dealers, find that it is more profitable to bid for a company and force management to buy it at an inflated price, all of which means that the company finds it much more difficult to operate at a profit.

• (1750)

What we have seen is scarcely an endorsement of institutions which are supposedly raising capital for the expansion of industrial production. This same financial sector has failed companies such as Mitel. As I indicated earlier, they are ready to finance takeovers by companies such as C.P.E. or Power Corporation but not to finance companies like Mitel. Seemingly, not a single Canadian financial institution could provide more capital for this company, despite the fact that it was turning the corner and getting back into a profit situation in the most recent quarter.

Surely there is a lesson in all this. If Mitel cannot be kept Canadian, either by its own efforts or the efforts of the Government, what hope do we have of ever producing world-class industries that will provide jobs and opportunities for a skilled and well-paid Canadian workforce? The policies of the Government are taking this country in the wrong direction.

Mr. McCrossan: Mr. Speaker, I was very intrigued by the Hon. Member's thesis, but I had a little difficulty reconciling it with his Party's support of the takeover by Petro-Canada of Petrofina and BP. If he is opposed to takeovers as not creating a single job and depleting the capital of the country, why did his Party support those particular takeovers?

Mr. Orlikow: Mr. Speaker, I certainly did not mean to suggest that all takeovers were bad. I said that a very large percentage of them were bad, and that a Government which cares about the people it was elected to represent should be looking at takeovers and devising policies which would ensure that the takeovers of the future will be of benefit to all the people.

Let me indicate what happened in the case of Petro-Canada. Of course our Party supported—

Mr. Nickerson: The Liberals.

Mr. Orlikow: No, we did not support the Liberals. The oil and gas industry was almost 100 per cent foreign-owned until a few years ago. We believed that Canada, like every other country, should have a Canadian-owned energy sector. We do not see much point in doing what the former Liberal Government did and what the present Conservative Government is doing, that is, giving so-called Canadian investors 100 per cent tax concessions and write-offs, as was done with Dome Petroleum. If the Canadianization in private hands is a success, investors who have invested very little will receive the benefits; if it is a failure, Canadians will suffer the loss. What

we believed in and what we supported was Canadianization of the energy industry, in the main publicly-owned. We still believe that that is the route we should go in Canada.

Mr. McCrossan: Mr. Speaker, in his speech I believe the Hon. Member cited a potential takeover by Olympia & York of an entity in the oil and gas field. If he believes, as he just said, that it is in our interests to have more Canadianization in the oil and gas field, is he only supporting Canadianization when the Government owns it? Does he oppose all Canadianization when it is done in the private sector?

Mr. Orlikow: Obviously the Hon. Member was not listening to what I said during the course of my speech. I asked the Hon. Member to look at the business section of last Friday's edition of the *New York Times* where he will see a list of four or five of the largest corporations in the United States that were involved a few years ago in takeovers of large companies involved in fields different from their own fields of business. Now, a few years later, they are discovering that those were not good investments because they did not really know those businesses. They are divesting themselves of the companies which they purchased at a very high price, very often taking a loss.

I have my doubts that Bell Enterprises knows very much about the shipment of gas and oil through pipelines. Olympia & York has been very successful as a real estate developer, but I have had no assurance that it knows very much about the fields into which it is going.

Also I remind the Hon. Member that the Union Corporation, that is the old Union Gas, just before its takeover by another company, recently bought Burns Foods. I suggest that the officers of the Union Corporation did not know very much about the food industry and that that was probably not a good investment. When I say that, let me indicate that that view is shared by many people who are much more involved and much more knowledgeable about the business community than I am.

Mr. Winegard: Mr. Speaker, the Hon. Member for Winnipeg North (Mr. Orlikow) has used one of the most ringing phrases when he said that all countries have their own oil companies. We know that is not true. The United States of America does not have a national oil company, and soon Great Britain will not. There are a few, but it is just one of those generalizations which rolls off the tongue so easily. We should really take some exception to it.

Mr. Orlikow: Let me point out to the Hon. Member for Guelph (Mr. Winegard) that British Petroleum has been 50 per cent state-owned. It was made a state-owned and a state-controlled corporation, not by those terrible socialists in the Labour Party, but shortly after World War I by that great radical and great revolutionary, Sir Winston Churchill. The Hon. Member should read the facts before he asks questions.

Mr. Stackhouse: Mr. Speaker, I would like to join in the comments and to respond to some of the remarks of the Hon. Member for Winnipeg North (Mr. Orlikow) with reference to