

*Foreign Takeovers Review Act*

the question of people coming into this country, taking over our companies and financing those takeovers, so to speak, at our expense. It seems to me that something ought to be done and that the committee should look at this particular problem.

When the committee considers the bill, I hope it will look into another point I am about to raise. On April 23, 1970, when I spoke in the House on foreign investment, I spoke of what I thought was an important area that must be considered. I said we borrow a great deal of our loan capital from our federal and provincial institutions—for instance, we take money from funds set aside for the unemployment insurance fund, and so on—but that equity capital is brought in from abroad, usually from the United States. It seems to me, if we need foreign investment, we need it in the form of loan capital and not in the form of equity investment.

**Some hon. Members:** Hear, hear!

**Mr. Cafik:** I believe the Canadian people want more Canadian control in this area and would be willing to authorize their federal and provincial governments to allow public moneys to be used in equity purchases, even though some risk may be involved. At present our legislation prohibits the federal and provincial governments from using these masses of money except for perfectly safe loan ventures. That course, I believe, has had the tendency of maximizing the degree of foreign control in this country because it has forced people to seek equity money abroad.

**Mr. Rowland:** Read the Manitoba legislation.

**Mr. Cafik:** I believe the Canadian people are willing to so authorize their governments and I believe they are willing to take the gamble. If they are willing to do so, I think we ought to encourage them. The same kind of problem is encountered with other financial institutions such as—

**Mr. Benjamin:** The Liberal party.

**Mr. Cafik:**—our finance companies and insurance companies which are prevented by law from investing in equities except to a limited degree. I think we ought to do something in that area as well. Legislative changes need to be made. I think something ought to be done in both these areas to help maximize Canadian control over the economy.

I believe the present policy is a step forward, although in my view and in the view of many Canadians it is not a very brave step forward. On the other hand, this is the responsible approach since at this time we must not do anything that will jeopardize our ability to create jobs. I think we must take more courageous steps in future. I hope that once we get our people back to work in the Canadian economy the government will give serious consideration to further measures which will maximize our control over our economy.

• (2150)

**Mr. David MacDonald (Egmont):** Mr. Speaker, I appreciate the opportunity to say a few words this evening, and

[Mr. Cafik.]

presumably a bit more tomorrow, with regard to the legislation presently before us. When the Minister of Industry, Trade and Commerce (Mr. Pepin) spoke earlier today I was somewhat surprised, as I am sure others were, that the Minister of National Revenue (Mr. Gray) could not find it possible to lead off for the government on the need for the evolution of policy on this issue.

**Mr. Pepin:** Why were you surprised?

**Mr. MacDonald (Egmont):** I thought he was the minister who was chiefly responsible. But we are gradually getting the picture that this legislation is to be nothing more than a piece of face-saving material.

**Mr. Pepin:** We split the work. I do the bill, he does the tour of the provinces. What is wrong with that?

**Mr. MacDonald (Egmont):** I am glad that he is still in the government. I thought perhaps he had taken the route of some ministers who decided that the government was not responsible, and resigned.

**Mr. Pepin:** That is our business.

**Mr. MacDonald (Egmont):** If the minister wants to speak again, I would be quite happy to let him do so.

**Mr. Pepin:** Say something intelligent.

**Mr. MacDonald (Egmont):** The only intelligence the minister has displayed so far is the ability to be concerned about an issue that is important, but there was certainly not anything in what he said this afternoon to show that the government is prepared to come to grips with this problem.

It is rather surprising that the government has the ability to be at the opposite end of the emotional spectrum when the other response is required. I am impressed by the ability of this government to appeal for balance when strong measures are needed, and then caution against halfhearted measures when unnecessary overreaction characterizes its activity. I do not think I have to spell that out for the minister; I think he knows exactly to what I am referring.

There is very little dispute between members of this House on the present financial difficulties facing our country. Indeed, the difficulties seem to indicate that any activity of a reporting nature with regard to financial institutions and transactions in this country should be considered with full care and caution. Well, caution is not lacking in the law we are discussing this evening. As a matter of fact, the bill before us is almost smothered in and suffocated by it.

The long, arduous, shrouded-in-secrecy study of the government and its policy development is broken only by the odd leak. This is one case when the leaks were better in some instances than that which was eventually produced. There was a great feeling of suspense. The final product is much like the egg that was sat on too long; all we have for policy is a bad yoke. I suspect the smell will be with us for some time to come.

No government that has been so callous about the necessity of creating employment has the moral right to