Foreign Investment Review

Mr. Speaker, let me briefly go back to my own experience, when my small all-Canadian business needed expansion capital in order to exist with the growing market trend. The crunch came when we approached Canadian chartered banks and finally the Industrial Development Bank, which theoretically was created to promote the economic welfare of Canada with particular consideration to the financing problems of small enterprises. It took us close to a year to obtain a relatively small loan from the IDB which cost us in legal fees nearly 10 per cent of the loan. Our collateral to the IDB was almost four times the value of the loan. As a matter of fact, so much collateral was needed that if I had told them my grandmother had gold fillings in her teeth they probably would have wanted those as well. On top of that, the interest rate was 11½ per cent. I do not call that helpful to anyone.

Eventually, like many other Canadian manufacturing companies we lacked growth capital to create jobs, curb inflation, and generally, in a small way, help the over-all Canadian economy. The American sharks were biting at our heels. To make the story short, an American firm finally offered to buy me out. This American firm had already been offered the required capital for the takeover by the same Canadian bank that had turned us down to stay Canadian. In other words, it is the same old story of being bought out with our own money. Fortunately, in my case, due to numerous personal circumstances, we were able to stay Canadian. But there are many cases in Canada, not only in small business but large industry as well, where the Americans literally did buy us out with our own money.

For example, McGraw-Hill bought out Ryerson Press and did so with a $2 million Canadian bank loan. Michelin of France moved into Nova Scotia, financed in part by a $20 million loan from the Royal Bank. Crown Zellerback of Canada borrowed $35.2 million from the Canadian Imperial Bank of Commerce to pay a debt to its U.S. parent. I could go on and on giving a great list of Canadian companies being bought out by Americans with our own money. If foreign firms, most of them American, get first crack at our savings, Canadian firms will therefore be denied this privilege which they deserve. There must be many revisions to the Bank Act, to encourage the development of financial institutions which are feasible and will suit Canadian needs.

• (1720)

We can only expect, if this dearth of funds continues, to see more reports such as this recent Dun and Bradstreet report from which I shall quote:

2,848 businesses went bust last year, the highest total since 1932, when there were 2,938 failures.

Immediate action must be taken by the government of Canada to change this drastic movement in our over-all economy or, to put it more simply, to get more Canadians involved in Canada. The government must act to revitalize the whole banking system. We need immediate action, Mr. Speaker. It is clear, once again, if we look at the present inadequate bill before us, that the Trudeau government is not the government that is able to cope with this most important of problems.

[Mr. Jelinek.]

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, the Liberal government has once again demonstrated its incompetence. After years of legislation which has discouraged Canadians from investing in Canadian businesses, this government has found it necessary to yield to pressures and has introduced another negative bill, Bill C-132. This is an especially negative bill, when contrasted with the extremely positive ideas put forward in this debate by my colleagues, particularly the hon. member for Trinity (Mr. Hellyer). In addition, Mr. Speaker, this bill will create the foreign investment review agency, complete with commissioner and staff; and another full-grown bureaucracy will have been added to the ever-increasing amount of federal government.

The taxpayers of Canada have said that they do not want more government bureaucracies; nor do businesses, large or small, want more government forms and red tape. They all want less government, less taxation and less interference with personal freedom. They know that the Conservative party is the only party that can form a government which will provide the results they want and that Canada needs so desperately.

I should like to tell hon. members a little story that will illustrate the degree of incompetence displayed by this government and that will show that one hand of this government has no idea what the other hand is doing. At the same time that the government was drafting Bill C-132, which proposes to restrict the transfer of Canadian businesses to "non-eligible persons", this same government was embarking on a business venture in partnership with some of those very same non-eligible persons. On January 15, this year, the Vancouver *Sun* carried an announcement regarding the formation of a new capital ventures firm, with majority control by Canada Development Corporation. The new company, Ventures West Capital Limited, with head offices in Vancouver, has an initial capitalization of $3.5 million, of which Canada Development Corporation has taken over $2 million. Some other investors are the Bank of British Columbia, the Bank of Tokyo, Guaranty Trust Company, and several other individuals and private investment groups based in western Canada. The Bank of Tokyo, of course, would be considered a "non-eligible person" under Bill C-132, and at least one other corporate investor has non-eligible shareholders. Surely this is a strange involvement for the child of a government that professes a desire to save Canadian businesses.

You may recall that CDC was formed to prevent Canadian businesses from falling into foreign hands. As if its recent activities were not strange enough, we are told that CDC will participate in further Ventures West share offerings of $1.5 million. You may know someone who, on the apparently favourable terms offered, would also like to go into partnership with CDC. Unfortunately, Chairman A. E. Hall, who also happens to be President of the Bank of British Columbia, says that investors must be active in the world of big business and that the minimum investment is $100,000. Also, the new company considers itself to be a private company, so the books are closed to public scrutiny, even though some $2.5 million of taxpayers' money is invested.