

*Canada Business Corporations Act*

investors objected. The foreign investor would have been reimbursed. But now the government has amended Bill C-105 from the original version, Bill C-94. The addition of Section 168(1) found on page 9 of the bill prohibits a company from constraining existing shares held by foreigners. In other words, companies will only be allowed to constrain future share issues. Foreigners holding existing shares are protected from having to give back their stock.

This is what the minister meant when he said "That is no longer essential." He just gutted his whole bill. This backtracking by the Liberals indicates how they bowed to the pressure of foreign investors, particularly in the United States. The Liberals continue to talk a good fight on promoting Canadianization, but their actions are speaking louder than their words. There is a tremendous lobby behind the scenes by the American government, by industry and by members of the Conservative party in the House especially, to get the government to back away from the thrust of the National Energy Program. The lobby is having some success. The government is backing off. What would you expect of the Liberal Party, because when it comes right down to it, in spite of the occasional outbursts of creation like that of Petro-Canada or the original thrust of the National Energy Program, the Liberal Party is still a party which finds its roots and finances in big business. You should not forget that. It is also a party without a philosophy. It can get buffeted about in the pressure of the day. It is, as Eric Kierans said before he quit the cabinet in disgust, easy for the cabinet to get misled. He gave some instances of the cabinet being misled by hordes of industry and association representatives and lobbyists. They have far more power and influence than the ordinary person in Canada has. That is perhaps the great tragedy in the country and in the democratic system. It is those with money, power and influence who have that kind of ability to change government's views and to make government backtrack when coming out with progressive policies.

Had the government stuck by the original draft of this bill, we might have been prepared to support it, but this backtracking is part of a pattern.

I have brought along some clippings. If you follow the government's activities over a period of time, you can see some of the backtracking from the original National Energy Program. In the Alberta report for February 27, 1981, we find the heading "NEP changes make it easier to Canadianize." It reads:

● (2140)

Boasting of his "flexibility and willingness to help the petroleum industry," Ottawa's Energy Minister Marc Lalonde last week announced changes to the National Energy Program he had unveiled with considerably more fanfare in October.

In this particular change they were talking about the new dispensation for the Canadian ownership rate required for maximum grants of 80 per cent for frontier exploration and 35 per cent elsewhere. It was changed from the requirement that the company be 75 per cent Canadian-owned, to 60 per cent Canadian-owned. Also, the Canadian ownership rate will be easier to prove. This was on February 27, 1981.

An article appeared in the February 28, 1981 edition of *The Globe and Mail* entitled, "Ottawa Plans to Modify Ownership Rules Again". It read:

Harold Renouf, chairman of the federal Petroleum Monitoring Agency, said the Canadian ownership rate . . . rules will be modified to clear up some of the tricky questions arising from stockbrokers, pension funds and nominees holding shares of oil companies.

The pressure was on!

Another article appeared in the October 23, 1981 edition of *The Globe and Mail* entitled, "PMA Relaxes Canadian Ownership Rules". It reads in part:

The Petroleum Monitoring Agency has relaxed several rules on Canadian ownership to help oil and gas companies qualify for federal and provincial exploration and development grants.

It continued:

Mr. Renouf said the PMA is still reviewing other changes—

In the "Report on Business" which appeared in the February 10, 1982 edition of *The Globe and Mail*, under the headline "Altered Ownership Rules Held Less Burdensome", the following was reported:

Modified Canadian ownership regulations will lift the administrative burden for a "significant" number of small oil and gas companies, according to a federal energy official.

Those are just some examples. There are many more which I could cite, such as the ones on February 27, 1981, February 28, 1981, February 23, 1982, and February 10, 1982. They were all changes with respect to Canadian ownership rules.

Here we have the latest change in the original intent to amend the Canada Business Corporations Act by allowing directors to force foreign shareholders to sell. Now that will not be done. They will only deal with future shares. This is why I call it a pathetic bill. There is nothing in it. The hon. member for York-Peel need not get all excited about it because there is simply nothing in it.

With the approval of two-thirds of a company's shareholders, a company could change the classification of its stock to constrained shares so that only Canadians could own them. As well, the company could buy back some of its shares on the open market and reissue the same number of constrained shares within two years. As a rule, companies are generally not permitted to deal in their own shares. Moreover, a company could issue different kinds of shares, some owned by Canadians only and others by all investors. Probably very few companies will make use of these provisions to bolster their Canadian ownership levels.

Smaller companies which for the most part are not involved in exploration on federal lands have no incentive to do so because they do not qualify for the lucrative grants associated with Canada lands exploration; nor are the large multinationals likely to constrain shares. For example, if Gulf Canada bought back all its foreign-owned shares, except those held by the parent corporation, it would still not qualify for the next higher level of incentive payments. Gulf Oil United States owns 60 per cent and foreign shareholders own 20 per cent of Gulf Canada, so why would Gulf want to use these provisions to buy back shares? The simple answer is that it would not.