

Investment Companies

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member, but I would prefer at least some of the conversations now being held between hon. members to take place behind the curtain. I am finding it difficult to hear the hon. member.

Mr. Baldwin: I thought hon. members were agreeing with what I have to say, Mr. Speaker. It might well be they could agree by voting later as we would wish them to vote. The fact remains that we are considering this evening a measure in line with a trend which has been developing for years, particularly during the present session. I have looked at this measure and I am shocked at the extent to which it would assign to the government extraordinary powers in so many ways.

I checked the bill clause by clause, and without debating the clauses in any way I wish to run down the list in order to substantiate the claim I am making. This is a government which is hungry for power. It secures power in a great many ways, particularly through its legislative program. Your Honour will find that each bill is really little more than a regulatory clause surrounded by other clauses. The one before us is a typical example.

In a dozen or more clauses authority is given to the minister and to the officials of his department to act as their whim might dictate. It is true that general and vague guidelines are laid down, but in the final analysis, with one exception where provision is made for appeal to the Exchequer Court, the minister and his officials are given complete discretion in dealing with these corporations. I do not stand here to defend the investment corporations; I hold no brief for them. I point out, however, that the two companies in respect of which problems arose and large losses were incurred by creditors, shareholders and others, were both provincially-incorporated companies. To my knowledge, no federal investment company has been required to seek assistance because of financial difficulties.

This is not to say, of course, that such a situation could not arise. Indeed, I think it is wise that a government should take precautions to protect those who need to be protected. But when we consider the extraordinary extent to which the government has gone to demand power and authority, we cannot but ask ourselves where it is going and what does it want. For example, clause 2 provides that where a company has borrowed money on the security of its bonds, the money shall be

[Mr. Baldwin.]

presumed to be borrowed for the purpose of investment within the meaning of the act unless the minister is satisfied to the contrary. The minister is given unrestricted discretion in deciding whether he is satisfied on this point.

I turn now to clause 3(2), which is the clause giving the minister power to grant exemptions. It states that the minister may grant exemption from the application of this act to any investment company if it is satisfied that certain things have been brought about. This discretion is given to the minister to say to a company, "We can take you out of the provisions of the Act," if he is satisfied that such-and-such are the facts. I do not know who will administer this provision. I do not know whether it will be my hon. friend or the Minister of Finance (Mr. Benson). It may be administered by perfectly good and respectable people, but I say there should be no right to give to people involved in political life the uncontrolled power to make these judgments or decisions.

• (8:20 p.m.)

Subclause 3 gives the minister the power to revoke the exemption if he is satisfied of certain conditions. Clause 5 gives the officials of the department, particularly the Superintendent, power to require necessary information and facts. I can understand that there is a need under certain conditions for information to be made available before the provisions of the act are invoked; however, when one reads this clause one notes it permits the officials of a minister to call for company information at their uncontrolled discretion or whim.

I say that this adds to the general dangers which are built up in this legislation because of the extent to which the government is clothed with unnecessary powers. The minister is given the right to call upon the company auditors, not only for the information which they are by law compelled to give to the company but for any other particulars which the minister wants at his sole discretion or on the recommendation of the Superintendent. This is a very unusual departure in dealing with companies of this type.

The next clause is a further right on the part of the minister to grant exemptions. Clause 9(4) reads as follows:

Where any person or group of persons is a substantial shareholder of an investment company and, as a consequence thereof and of the application of this section, certain investments are prohibited for the investment company, the minister may, by