

Canadian Business Corporations Act

veto a majority decision, or for the majority simply to impose its will on the minority shareholders. As I stated earlier, the goal is to achieve a reasonable but dynamic balance of power between directors on the one hand and shareholders on the other, and at the same time to ensure practical management flexibility. And that is precisely what the appraisal right achieves.

Complementing the appraisal right are the shareholder remedies set out in part XIX. To ensure that shareholders can effectively exercise the powers conferred on them by this bill, part XIX attempts to strip away the self-imposed judicial constraints of the common law and to compel courts to judge on their merits the complaints of minority shareholders against majority shareholders or management. Part XIX seeks to achieve this goal in two ways. First, like the Ontario Business Corporations Act of 1970, it legitimates the derivative action in the name of the corporation to remedy a wrong to the corporation. Such a derivative action may be initiated by a shareholder in his own right or as a representative of a class of shareholders.

Second, going beyond present Ontario law, the bill adopts an amended version of section 210 of the United Kingdom companies act of 1948, the so-called oppression remedy. This remedy permits an aggrieved person—particularly a disgruntled minority shareholder—to apply to the court to right an alleged wrong, applying a very broad, just and equitable standard. In effect, the oppression remedy complements the shareholder's appraisal remedy under part XIV, ensuring that a shareholder will have a last resort remedy in a squeeze-out case where he has no grounds to invoke the appraisal right. Summarized briefly, the policy of part XIX is to furnish effective remedies to enforce expressed rights, obviating the need for excessive formality, complicated structure and excessive administrative paternalism.

In conclusion, Mr. Speaker, I would like to reiterate very briefly the salient characteristics of the bill. For what is an archaic statute it substitutes a modern corporation law that is tough and yet flexible and practical. For paternalism it substitutes clear rights that may be enforced by effective remedies. And finally, for a Victorian paperwork routine it substitutes clear, efficient administrative procedures.

Writing about the famous New York business corporation law of 1963, an American scholar deplored the fact that corporation law is not a topic that stirs men's souls. Although this is undoubtedly true in part, and although the original proposals and the bill emphasize the goal of a corporation law as being essential only to maintain a fair and workable balance of power within the corporate enterprise, given the pervasiveness and the great economic power of business corporations in our contemporary society, the bill cannot be dealt with casually as a technical law that interests only businessmen and professionals. For even if modest in its goals, the bill is of importance to Canada as a whole, providing a model law which will further encourage Canadian investors to put their savings into Canadian enterprises. If the bill succeeds in achieving that goal, the result will be greater participation by Canadians in the growth of the Canadian economy and also the exercise by Canadians of greater control over Canadian resources and means of production. The bill is

[Mr. Cafik.]

comprehensive, clear, equitable, imaginative and, above all, practical. I therefore urge members of all parties to support it.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I am naturally a little hesitant to speak on this bill after the impassioned address just delivered by the parliamentary secretary. Some might even suggest he was a little emotional in his approach to the subject. However, I do have some comments which I hope will be taken into account by the government.

First, I might say that we in the Progressive Conservative Party believe the bill should go to the committee. It is a detailed measure containing 266 clauses and we think that the proper place with which to deal with it is in committee. As I have indicated, we are generally in support of the main principles of the bill. This is particularly easy for those of us who come from Ontario and who are Conservative to say, because the measure we are considering is modelled largely on the Ontario Business Corporations Act of 1970.

In the course of his remarks, the hon. member expressed the hope that this would be a model bill and a basis for similar legislation in other jurisdictions. I think he has his priorities a little reversed. In fact, he is substantially following the Ontario Business Corporations Act of 1970. If there is a model, that, perhaps, is the model that is being used by this parliament and other legislatures in Canada. To support my point, even in the detailed background papers for the Canada business corporations bill we find that in justifying the legislation the government refers to Ontario no less than 25 times in explaining why the government drafted the legislation in the form in which we have it today.

• (1450)

Before I move on to deal with the bill specifically, I suggest that when the bill goes to committee ample time be given to business to respond to it. It may be wise to send a copy of the bill to each of the 23,000 corporations that carry on business under federal jurisdiction. It may also be wise to advertise in local newspapers and let legal counsel know that we have reached committee stage of the bill. In committee, I believe we should consider in some detail why we feel we need Dominion company legislation to start with. As the hon. member has indicated, there are only 23,000 corporations, out of a total of around 270,000, which are incorporated under federal jurisdiction, which is roughly 8 per cent. If I may put it another way, more corporations have been incorporated in the province of Ontario in the last two years than exist today under federal jurisdiction. So, surely, we must ask ourselves whether this kind of corporation serves any meaningful role in Canada, or is it something that to all intents and purposes should be left to provincial jurisdiction?

The revenue and expenditure of the department with respect to corporations roughly balances out. The department receives roughly \$1.5 million in revenue from various corporate sources, and their expenditures are a little less than that. I therefore suggest that in committee it would perhaps be wise if the minister or his parliamentary secretary explained in a little more detail why the government believes this legislation is warranted and should remain