

## HOUSE OF COMMONS

Wednesday, July 2, 1969

The house met at 2 p.m.

### ROUTINE PROCEEDINGS

#### FINANCE

##### TAKEOVER OF ROYAL SECURITIES CORPORATION—STUDY BY INVESTMENT DEALERS OF FOREIGN OWNERSHIP

**Hon. E. J. Benson (Minister of Finance):** Mr. Speaker, recently I undertook to make a statement on the takeover of Royal Securities Corporation by Merrill, Lynch and Associates, and on the implications of this action. Since then my officials have been in touch with representatives of the Investment Dealers' Association and of certain stock exchanges.

The I.D.A. and two of the main stock exchanges have announced that they are going to study together the whole subject of foreign ownership and control of member firms and to decide what policies and courses of action they themselves should follow within their institutional jurisdictions. They have also made it clear that pending this study they will defer consideration of new applications for membership from foreign-based brokers and investment bankers as well as any new applications for approval of purchases by foreign interests of Canadian investment firms now holding membership in any of these industry organizations.

I welcome this initiative. I believe that the subject merits such a study. The government will follow with great interest its course and outcome. We will, of course, actively pursue our own review of the situation as it affects the national interest. This review will include a study of limitations which might be placed on the access of foreign-owned firms to the credit facilities available to money market dealers.

I do not believe it would be appropriate nor have we presently the power to stop the sale of Royal Securities Corporation to Merrill, Lynch; nor do I believe it would be appropriate to request the Bank of Canada to amend at this time their credit arrangement with Royal Securities as a money market

dealer. However I feel we should be free to bring them and any other firms in a similar position within the ambit of any general limitations which may result from our review.

**Hon. Robert L. Stanfield (Leader of the Opposition):** Mr. Speaker, as I understand the minister he is not taking any action but is reserving the position that whatever will be done can be applied to the firms in question. I am not going to quarrel with that position but I do believe that the kind of inquiry the minister has in mind should go much further than he has indicated.

In an earlier debate we on this side of the house made a number of concrete proposals with regard to this kind of question. There is of course the matter of positive encouragement to Canadians to control their own corporations, and I would hope something would be forthcoming in this regard in the minister's white paper. The suggestion has also been made that we might give some leadership in encouraging international study of international aspects of international corporations. Such an inquiry might serve a useful purpose in providing us with a good deal of information as well as reducing some of the jingoism and nationalistic emotion that have sometimes been introduced into some of our inquiries and discussions. But, Mr. Speaker, I think it most necessary to emphasize that it is time to stop these hesitant, rather fumbling steps in the dark, staggering from instance to instance of this kind of difficulty. It is time we took a much more co-ordinated over-all approach.

I certainly do not want to see anything done to discourage foreign enterprise in this country because I recognize its value here, but on the other hand there are certain key sectors over which we ought to maintain control, and it is important that we outline an integrated and comprehensive approach to this problem.

● (2:10 p.m.)

There is at present a patchwork of measures in various sectors of the economy to prevent or discourage foreign takeovers or encourage Canadian ownership and control. But we must have a more coherent approach in contrast to the sort of ad hoc approach we