

Canada Corporations Act

even though this would mean rejecting a government bill. Despite the minister's apparent full endorsement of the amendments I suspect he is not really that happy about what has happened, and perhaps he will not be angry with Liberal backbenchers if they reject these amendments. We would not look upon such rejection as a motion of no confidence in the government but rather as a motion of confidence in Parliament, in Parliament's right to decide matters of this sort, and in Parliament's right to reject what, in my view, is an improper vehicle from the other place. This is why I ask hon. members for their support in rejecting these amendments.

These proposed Senate amendments do not add to the bill; they do not improve it. In our view they make the bill more difficult, and less democratic and less responsive to society's needs. The minister may reply that if we take such action there will be a delay in implementing needed reform. I acknowledge this argument. But it seems to me that any time we want to assert ourselves in this way, any time we rise in this chamber to say that we do not want to be vetoed, this argument will be made.

This bill, as important as it may be, is not the most important one that could come before us. Far more important than the passage or delaying of this bill at this time is the need for Parliament to assert itself, and for Parliament to reject what is being done with much of the legislation that goes from this House to the other place. I would think that this is the time for Parliament to do that.

Mr. Steven Otto (York East): Mr. Speaker, recently I congratulated the minister on the stand he took in connection with advertising. His was a forward-looking step, not that he had any axe to grind with the advertising industry but what he saw here was a phase of our economy which had gone haywire, where the costs and the benefits of so-called advertising just did not jibe with each other. Therefore, I was quite surprised to hear the minister support these proposed amendments.

You, Mr. Speaker, will recall that at second reading of the bill and resolution stage I said it represented a tiny step towards a cure for our corporate evils. I indicated the purpose of this type of bill was to recognize that our corporate structures have become derelict. They have not kept up with corporate structures in the United States, in Germany, or even in Japan where corporate enterprise is a fairly new thing. In fact, our corporate struc-

[Mr. Saltsman.]

tures have continued on their own course without any change over a period of 60 or 70 years, and in many cases instead of being a benefit to our economy they have been a hindrance to it. The purpose of this bill was to introduce some measure of reform; first, to make corporation directors more responsible, to do away with inside trading, to give more information to shareholders, and to make sure that they act for the benefit of shareholders and the economy and not just for their own benefit.

● (3:40 p.m.)

This was the purpose of the bill. The members of this House had that point in mind when examining the bill both here and in committee. The idea was a recognition of the fact that, especially in Canada, the directorships of corporations were far removed from the enterprise involved. As I pointed out to the minister some time ago, the American corporation law protects the minority investor. Most American corporations are controlled by people who make their bread and butter in that corporation. I refer to the vice-president in charge of production, advertising and finance. Fifty-one per cent of most American companies are controlled by people who depend upon that enterprise in order to make a living.

Under the Canadian corporate enterprise one man, the president, is involved with production or the success of that company. Everyone else is using the corporate structure as a big con game. I have been involved in the stock market and corporate structure for 22 years, as have some of my best friends. I often wonder how some of my friends can earn so much money when the corporation only pays them \$500 a year to be a director, and I know they only hold a directorship in six or seven companies.

I have found that there is such a thing as subscribing for shares. Mr. Jones, my good friend Joe, is busy subscribing for shares. When he subscribes for a new share he does not put any money down. He does not have to put out a nickel. All he does is put down his name. The directors and their friends subscribe for the two million shares that are to be issued. Not a nickel changes hands until the shares are issued. Who decides when the shares are to be issued? The directors!

When Joe, Jim, Ralph and all the others dispose of their rights to purchase these shares at a profit of approximately \$1 each, this amounts to approximately half a million dollars profit, which is not peanuts. When