

Department of Insurance Act

investments insurance companies can make from government securities to real estate mortgages, and all the rest of it. These matters are defined there. Sections 69 to 71 require the most detailed reporting of the affairs of such companies. Among other things, it requires twice-yearly reports to the department and it sets out what may and may not be included in these statements. Sections 72 to 78 outline the rather considerable authority and duties of the superintendent of insurance.

I could go on, Mr. Speaker, but I am simply pointing this out to emphasize the fact that I think we are here dealing in semantics rather than actuality, to a certain extent at least, when talking about foreign control, because the parliament of Canada, so far as all these companies are concerned anyway, under our existing legislation has very, very great control indeed. I think the minister deserves credit for trying again. I say this kindly; I think he has somewhat of a fetish on ownership and sometimes I think that influences his judgment to a certain extent and he may exaggerate these matters; because, as I said, the Canadian parliament, we in that parliament, the superintendent of insurance, the Minister of Finance and the department have the absolute power of life and death over these companies, which are controlled by this legislation at the present time. It is different entirely from the problem with which the minister was dealing previously. For instance, there are General Motors, INCO, and manufacturing companies controlled outside the country over which we do not have the legislative control that we have over these particular companies. As I have said, Mr. Speaker, I am not at all sure that it is necessary. The end may be all right. I am not quite sure what the end is; but I am wondering what the results will be of legislation such as this in accomplishing something which in broad outline, in so far as 25 per cent or so is concerned, is already a matter of Canadian parliamentary control.

I think we lose by legislation of this kind a certain flexibility of control which we have now. I think it would be more flexible under the present legislation than it will be under the change. I do not know what is going to happen. Naturally, not being a shareholder in any of these companies personally, I am not concerned, and I know none of us is concerned, with the effect on the shares of the companies per se; but I think it is going to have an adverse effect on the valuation of these shares. What you are doing is taking away the age old right with regard to private

[Mr. Nowlan.]

property, that of being able to sell something that you own and sell it to a person to whom you want to sell it. There are some restrictions on that today, I know, but they are very, very few. This legislation restricts that right and says that if you sell, the man who buys will be very foolish because he will not be able to transfer his shares; he will not be able to vote them. This creates a problem, because I think you may have one market for shares inside this country and one for shares outside the country. We are going to have, too, I think, a rather black eye again with regard to investment in Canadian securities.

Of course this measure will not affect anyone who bought shares up to September 23. But people who bought them at that time may want to buy more, and they are going to find themselves up against this provision with respect to registration. I doubt very much whether this type of legislation is in the interests of the Canadian financial community. As I said, Mr. Speaker, there are some elements of control in regard to foreign companies in certain areas and certain corporations, with regard to which I agree steps need to be taken. However, I doubt very much if they need to be taken in this particular field.

The minister spoke about the purchase of subsidiaries, or dividends, and I believe he referred to Union Carbide. That was a very happy way of repatriating a lot of dividends and getting them out of this country. I am not sure what the effect will be in the end, in so far as Canadian markets are concerned, where shares to the value of \$60 million, \$70 million or \$80 million are sold and dividends are accordingly repatriated. The minister's purpose is to encourage minority interest in foreign-controlled corporations. I wonder just how much good it does to have 10 per cent, 15 per cent, 20 per cent or 25 per cent interest in a foreign-owned corporation. The control, I think, is exercised within the small group of directors, and moneys which are being invested for some reason in these equities in a minority position could much better be used in the development of further investment in Canada and in strengthening our financial position here, rather than doing it as is proposed in this bill.

Mr. Speaker, I notice that the clock is rapidly approaching the hour of five. There will be ample opportunity to discuss this measure in committee, when we can deal with the details of it. I know there are other hon.