

*Canada Corporations Act*

report on foreign ownership and the structure of Canadian industry. This report stated in part:

• (4:20 p.m.)

It is a prerequisite to public discussion of government policy and the formulation and implementation of actual policy that more information be available on the activities of corporations, particularly large corporations, both Canadian-owned and foreign-owned. Information presently available is generally deficient, and in some respects grossly so, for meeting the three distinct purposes for which information is needed: public disclosure, economic analysis, and governmental surveillance of firms.

I would also draw to the attention of the House the recommendation of the Watkins task force on foreign ownership and the structure of Canadian industry. This report stated at page 398:

It is a prerequisite to public discussion of government policy and the formulation and implementation of actual policy that more information be available on the activities of corporations, particularly large corporations—

The report goes on to recommend that all private companies be required to submit information on their financial operations. I suggest that the government should give further consideration to this matter. There may be cases where it is not necessary, or even desirable, to reveal the financial situation of a particular corporation, but I suggest there are ways and means by which this could be taken into account.

I was interested to note that John Saunders, a staff writer of the *Toronto Star*, did some follow-up work after this bill was introduced last session. Mr. Saunders, who has written a thesis on the subject of financial disclosure and certainly knows what he is talking about in this respect, went to see some owners of large businesses about the question of financial disclosure. I would like to place on the record some of the comments he received when he interviewed some of the heads of large corporations. He went to see John David Eaton, the head of the T. Eaton Company. He had this to say about the interview:

John David Eaton was very much to the point before he hung up abruptly. The man who employs 50,000 people and reputedly sells \$750 million worth of merchandise to Canadians each year made it clear he thinks the operations of his company are nobody's business but his own. Would you want to reveal your plans like a bankrupt in court? Eaton and many other executives of private firms may not be able to take this approach much longer. Amendments to the Corporations Act introduced by the federal govern-

ment would force large private companies like his family-held department store chain to reveal as much to the public as other publicly incorporated competitors. As yet this idea of corporate disclosure cuts little ice in Eaton's Queen Street office. I had asked Eaton if he feels the affairs of the T. Eaton Company Limited are his personal private concern. "Naturally I do", was his reply. Seconds later a loud click ended our minute-long phone conversation.

This is an indication of the attitude of some businessmen. In all fairness, I should say that some of the other interviews which Mr. Saunders had demonstrated that some businessmen were prepared to meet this change in legislation. I indicated that Mr. Saunders of the *Toronto Star* wrote a thesis entitled, "The Politics and Practice of Corporate Disclosure in Canada". He went into the matter very thoroughly. Among other things, he discussed the evolution of the corporation and the whole question of public interest, the protection of the public, equality and fairness in disclosure and the value of disclosure to firms themselves.

He also noted there had been many recommendations throughout the years for changes in disclosure legislation, and that there was a good deal of pressure against any such change which involved a variety of factors such as interest groups, passive government and also business-government co-operation. Finally, I wish to place on the record Mr. Saunders' conclusion—after the study in relation to his thesis. He states:

The levels of corporate disclosure required in Canada are clearly inequitable in many cases, and almost as clearly insufficient in all cases. Extensive recommendations for reform have been made. The objections to reform which business is willing to raise in public are negligible. Yet the progress toward improved laws has been so gradual and halting that it's sometimes hard to discern movement at all—or to be sure that it's forward. Considering the obvious need, the indicated course is to enact legislation immediately to bring all firms up to the level of disclosure now required of public companies; and to follow this as quickly as possible with measures to increase the over-all level as far as is needed and to rationalize the methods of collecting and distributing the information.

But to accomplish these aims a number of other reforms would probably first have to be implemented—and these byproduct reforms could well be vastly more important for justice and social efficiency than the mere provision of information. They would, if fully put into effect, go a long way toward remedying the imbalance between the power of large corporations and that of individuals and between the political influence of wealthy, organized interests and of weak, diffuse ones.

The first necessary step would be to discredit once and for all the ersatz liberalism which endows corporations with such human rights as privacy.