

*Canada Corporations Act*

bill will at least provide us with an opportunity to examine the structure and behaviour of corporations in a better way than we have been able to do recently. The significant question is, how will the government act to make changes once it is in command of such information? The large companies of our time have taken on the position of a state within a state. They have enormous power. Some of them employ more people than some countries have populations. Many of them have financial resources that are infinitely greater than the taxing powers of some countries. Many of these corporations are based outside the boundaries of the countries in which they operate, and they take their orders from outside those boundaries. This is very true in Canada where to a large extent foreign-owned corporations, if American-owned, are subject to American law even if it be in conflict with the law of Canada. This gives rise to a very serious condition, a state within a state, and we must find means of coping with it.

● (9:20 p.m.)

Large corporations have virtually the power to tax. Usually we think of taxes as being imposed by government at various levels, but where a corporation is able to determine its own profit level it also imposes a kind of tax. The difference is that if we do not like the taxes imposed by our government we can at least turn it out, but people are helpless in the face of a giant corporation.

I would suggest, Mr. Speaker, that the time has come to look at the kind of profits corporations are entitled to make and the prices they charge. They should not unilaterally have the power to tax without having to answer to the people of the country in which they operate, any more than may the government of that country. Governments do not always plan, but corporations do. They represent a huge investment and must make advance decisions. They become bureaucracies with a life of their own and must decide investment and market policy years ahead. Often they are even able to overcome the market structure.

I do not think we can really say that we have the kind of free market of which the classical economists used to speak. Giant corporations and associations of every kind have been able to operate against this type of market system. Knowing that, and knowing that the discipline we would expect from the market system no longer exists, there must be some other way that corporations can respond

[Mr. Saltzman.]

to the country and its people. The market system cannot be depended on any more in this respect. It is difficult, and to some extent perhaps even undesirable, to impose excessive regulations of any kind, whether of business or other organizations in our society. I for one would look for ways to provide a regulating mechanism without detailed government scrutiny for every sort of activity. I am suggesting that the market can serve a useful purpose if we change the rules of the game so that it becomes a reflection of efficiency and responsiveness, which is what it is supposed to be.

When we set priorities for the number of houses we want and the kind of hospitals and public service we want in a civilized society, we should not let the market make the decisions. But when it comes to a decision as to the kind of shoes we wear, the kind of car we drive or the hat we sport at Easter, surely the market can offer the choice provided there is the market mechanism and it is not frustrated by the enormous power of the corporation as we know it today.

Therefore, Mr. Speaker, we need more than just disclosure and more than just some idea about proxy trading or insider trading. We will have to change our tax system. I suggest that unless we change it to bring some corporations either under regulation or some kind of market pressure, this bill will be meaningless; we will have a lot of information and a lot of facts that will be of no help. We already have enough information and facts and enough insights to indicate a fundamental change in our tax system. Such change is not taking place. I do not have any cause for confidence that if this legislation is passed, the kind of tax reforms and changes necessary to make corporations responsive will come to pass.

How does the corporation escape from the market discipline? One way is by vertical integration of its operation. A clear example of this is the oil industry which starts with exploration, developing, refining and then ownership of the service stations just to make sure the whole thing is co-ordinated. They have a market system which obscures facts. What does "platform power" really tell us about gasoline? What do the glossy ads which we read or see on television tell us about the product? Very little. This is a real form of power. In some ways it is tyranny, and must be broken. I would be much more impressed with this legislation if there were provisions in it to the effect that owners of oil wells