not have the required information, the government has the means of getting it. The claim is made, however, that there is no need to make public the information relative to the affairs of private companies; that to do so would amount to an unwarranted invasion of privacy. Those who speak that language surely do not appreciate all the implications of their position. I can hardly believe that in this day and age they want the government of the land to stand beyond the reach of the criticism of the citizens; that they want to allow the government of the land to take decisions that affect us all on the basis of information not available to the public. The public, even the otherwise well-informed public, the analysts, the academics and commentators, cannot appreciate, discuss or criticize policy as effectively as possible because of lack of access to the same information as is available to the policymakers or to the government.

One may ask whether it is worth having such disclosure since it will apply only to federal companies. First, it should be recognized that many, if not most, of the large foreign corporations operating in Canada through wholly-owned private companies are federally incorporated. Moreover, we believe that it is up to the federal government to take a lead in this matter and encourage provincial governments to follow. The act will provide for exemption when disclosure would be detrimental to a company's interests. Some people have also suggested that the requirement sould apply only to foreign-owned companies not to Canadian-owned firms.

Surely, we do not want to embark on a course that would discriminate in this way against foreigners. We do impose restrictions on the degree of foreign ownership permitted in certain sensitive sectors of our economy, such as communications, finance, banking and broadcasting. But once those specific requirements are satisfied, our general corporate laws should apply equally to foreign-owned and Canadian-owned companies, regardless of the ownership of the shares.

I like to think that hon. members will agree with the government that although there is no particular objection to the large firm being organized on a private basis, there is no valid reason why the use of the private company device by large firms, which play an increasingly important role in our economy, should become a shelter enabling them to hide from the public their financial affairs.

[Mr. Basford.]

I would now like to discuss some of the other aspects of Bill C-4. Much of the discussion about corporate law in recent years has turned on the relationship that should exist between corporate management and the company, and between corporate management and the shareholders. At the centre of this discussion is the question of the duties and responsibilities of corporate management in the exercise of their office.

This question raises many difficult problems that are still under study in my department and in other jurisdictions as well. Bill C-4, however, deals in a comprehensive manner with one of the most important of these problems, the problem of insider trading. Let me illustrate by an example the type of situation that in this regard troubles the public so much. Texas Gulf Sulphur is a case in point which has been widely publicized in the press. Various issues arising out of this case are still currently discussed, especially in the United States press and the United States courts.

The case of Texas Gulf Sulphur raised complex questions that have resulted in a number of lawsuits in the United States. Some of these are not yet settled and I do not wish to comment on whatever action may remain before the courts. However, the case provides a good illustration of a problem that should concern us all. Insiders who have access to information intended to be available only for a corporate purpose and trade for their own account in the securities of a corporation do great damage to our system of free market economy.

• (8:30 p.m.)

The Kimber Report studied this question in great depth. It concluded that while it is not improper for an insider to buy or sell securities in his own company, it is improper to use confidential information acquired by him by virtue of his position as an insider in order to make profits through trading in the securities of his company. The ideal securities market should be a free and open market. The price of securities should be based upon the fullest possible knowledge of all relevant facts. We agree with the Kimber Committee that any factor which tends to destroy or put in question this concept lessens the confidence of the investing public in the marketplace and is, therefore, a matter of public concern. The question which arises is: What do we do to prevent insiders from using confidential information for their own personal benefit and to