

clear to all investors. We will thereby avoid widespread uncertainty in the capital markets that could affect the standing and value of many other stock issues, if ownership constraints could be applied to outstanding classes of shares.

By ensuring that the changes in the Canada Business Corporations Act allow companies to take Canadianization measures only under specific circumstances and for specific reasons, I believe that we have shown once again that the National Energy Program can be, and certainly is, sensitive and responsive to the needs of the Canadian business community and the need that Canadian business has to gain access to the capital markets of the nation and of the world.

Some hon. Members: Hear, hear!

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, I am always amazed how a minister of this government can stand up and express, in what appears to be such innocent terms one of the most ominous and offensive pieces of legislation that any government has ever brought into the House.

It would be better to entitle this bill if you would, the predatory practices act, because in fact what we are being asked to endorse here is a piece of corporate legislation which literally will let some of the foxes in the business community of this country into the chicken pen.

Let me explain this. The minister has indicated that the bill's thrust is strictly limited. That is what he said, that it is limited in its effect in that, on the one hand, it will permit companies to buy their own shares under certain circumstances. He then went on to state that it will also allow companies, in effect, to buy shares that are outstanding at certain times and in that way, literally confiscate the shares of a shareholder as the directors from time to time may see fit.

Granted, Mr. Speaker, there are certain requirements that must be met before they can do that; but what I think is particularly important for us in the House to consider is what the precedent is that is being set here.

To suggest that the directors of a corporation at any time should have the right literally to buy out, or sell to others, shares, notwithstanding the fact that those shares may be owned by foreigners or otherwise, is something that is totally offensive to the concept of corporations and corporate law generally.

As you know, Mr. Speaker, the Ontario Securities Commission and certain other regulatory bodies have already expressed grave concern over this legislation. They have indicated that they believe that many individual shareholders will be victimized by those who may, through the boards of director's resolution approach, simply decide to sell out those shareholders, presumably against their will.

Let us put it into focus. Let us put into focus what the minister is really saying here. If we take a look at Bill C-105, we will find that the offensive provisions start on page 4, where it is stated that:

Canada Business Corporations Act

A corporation that has constraints on the issue, transfer or ownership of its shares of any class or series in order to assist the corporation or any of its affiliates or associates—

And here are the interesting words, Mr. Speaker, where it says:

—to qualify under any prescribed law of Canada or a province to receive licences, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership or control may, for that purpose or for the purpose of attaining or maintaining a level of Canadian ownership or control specified in its articles, under such conditions and after giving such notice as may be prescribed, sell, as if it were the owner thereof—

That is, Mr. Speaker, a corporation through its directors may sell a person's shares as if the corporation owned the shares. It continues:

—any of such constrained shares that are owned, or that the directors determine in such manner as may be prescribed may be owned, contrary to the constraints.

Then they go on to say that the directors must at least do it somewhat fairly and they must watch that they do not:

—unfairly disregard the interests of, the holders of the shares in the constrained class or series taken as a whole.

In short, what is being proposed is that the directors, who are normally—bear this in mind—looked upon as some kind of a trustee on behalf of the shareholders, are going to be empowered now, notwithstanding their trustee relationship to those shareholders, to check off individually and buy out certain of those shareholders if the shareholder is deemed to be somehow in a position contrary to the constraints position.

I noticed that the minister skirted around this. But in the press release accompanying this bill he pointed out at that time that he thought he had watered down the provisions a little. Obviously he was feeling the sting of some of the opposition that had already been voiced by such bodies as the Ontario Securities Commission. The minister suggested that the amendment that has been made, compared to the comparable provisions of Bill C-94, that aborted bill, the amendment that he had seen fit to make, really would take away any particular problem with regard to existing shareholders.

• (2100)

Presumably he is referring to the new provision put in at page 9 which says that one of the paragraphs which I have referred to:

—does not permit a constraint on the issue, transfer or ownership of shares of any class or series of which any shares are outstanding unless the shares are already subject to a constraint permitted under that paragraph.

This is what I find to be so devious about this government. It plunks in that provision, puts out a news release to throw people off guard and, in effect, tries to get the Canadian public to buy the proposition that whatever people were worried about as far as amendments to the Canada Business Corporations Act are concerned, they need worry no longer, the government has amended it and it does not affect existing shareholders any longer. Mr. Speaker, you have been in this House long enough to know the tricky nature of this government. You have known the lengths to which hon. members opposite will go to deceive the Canadian public. We know how they deceived the Canadian public simply to get elected back