

Private Bills

requested to change the name of the company and to allow it to do business, which it already does.

I wonder why they insist. What is there hidden behind this application? I think that we should do our utmost to make the parties concerned aware that they should explain their views before the committee.

I think all hon. members should be interested to know the background of the question in order to be in a position to judge as adequately as possible whether, in the interest of the people, the government and the whole country, we should accept so easily an incorporation screen such as the one sought by Allstate at the present time.

Whatever the names of the directors, whatever the arguments that can be brought forward concerning the reinvestment of the funds in Canadian corporations, I think the hon. member for Lapointe (Mr. Gregoire) raised a point that no one can find obscure. Less and less of the profits made by those corporations are reinvested in this country. Therefore, why is there so much insistence from some hon. members in this house?

As I said, and as it was repeated a while ago by my colleague from Quebec East (Mr. Beaulieu), some day accounts will have to be rendered to people who decided to go into the insurance business in our country. We seem to be getting more and more strength in that field while giving our people as adequate a service as possible.

Too many fields are held by foreigners. They managed to get into those fields behind that screen I mentioned a while ago. I think the bill should be referred to the committee and some members of the company should be brought back before the committee so that we can hear their arguments again. Then, we would be in a better position to know whether we should pass that bill. But as things stand, I think it would not be in the interest of our people to pass this bill to incorporate the Allstate company.

[Text]

Mr. Reid Scott (Danforth): Mr. Speaker, I should like to say one or two words on this bill because when it first came up in the previous parliament I did move that it be not now read a second time. Since we have had our discussions in the house I suppose all hon. members have been interviewed by representatives of the company, who have pointed out to us their desire to try and meet our objections to the bill. The bill itself is not really that important but it does point up the whole problem of United States control of Canadian companies, and whether or not any practical and effective schemes can be devised to remove the more objectionable

features of such control. It is an extremely difficult problem and the more one looks at it the more difficult it becomes to devise any solution which will not prove to be as undesirable as the condition we are trying to remedy. However, the representatives of the company did come to Ottawa and we had the opportunity to present our views to them and, as I say, they indicated a very real desire to try and meet these objections. I am not sure that they will make the type of concessions that we feel should be required, but there are other areas in the world where this problem has been attacked and where devices have been worked out in company law to deal with situations of this type. In Germany, for example, the companies act has been amended so that major policy decisions can be made only if more than 75 per cent of the shareholders agree. Thus there may be some devices available which we could adopt in order to deal effectively with this problem.

Many of the objections which hon. members have raised are perfectly valid. It is true that this company, if incorporated, would be 87 per cent controlled from the United States. But we should also be fair and remember that the company is already operating, in fact, in every province in Canada under provincial licences and that it is at the moment 100 per cent owned in the United States. So, at least, this is a step in the right direction. I understand that the 25 per cent which is to be Canadian-owned is all that the Canadian company can afford to purchase at the present time, although they are prepared to write into their charter arrangements providing that a greater equity can be controlled by the Canadian company at a later date.

While I would not want to be construed as in any way endorsing the general principle of this bill—I still think there are serious objections to it—the problem which occurs to me is how we can effectively deal with situations of this kind. I think the bill should go to the committee because this would give us an opportunity to determine whether this whole problem of the foreign ownership and control of Canadian companies can be dealt with effectively. The representatives of the company come forward and we can discuss with them and with the law officers of the crown and with the members of the committee this whole problem and then, perhaps, we can come to some solution, some formula, which would be acceptable to the house.

As I have said, the passage of this bill is really not of first importance. The company will carry on in full force whether we pass it or not. Passage of this bill would, however, permit it to have a Canadian entity, and certain advantages or benefits would accrue.