

*Competition Tribunal Act*

Because of the fact that corporate concentration means there is no, or very limited, competition, and because we are taking away effective management of our industries as a result of these conglomerates, we should be concerned about what is happening in the country.

The events of the last few months and those of the last few years indicate that there are other concerns which we must also have. One is with respect to the very matter with which we are dealing today. I refer to non-financial institutions taking over the management of financial institutions. Under the legislation which is before us it is quite possible, through the complete ownership of Canada Trust, that Imasco will be in a self-dealing situation. In other words, the lending of money from its own trust company with no controls to prevent it from dealing in its self-interest, as opposed to dealing in the interest of those people who invest in Canada Trust, is a serious problem. We have heard the Minister and others defend the situation by saying it is not a matter of ownership or a matter of the concentration of ownership with which we must be concerned. We have been told that all we should be concerned with is the fact that perhaps we need to fix up our regulations. We have been told that we need to have better regulations in order to ensure that Imasco, or any other group of people who have control of a financial institution, whether it be a trust company or bank, exercises its power of ownership in the public interest and in the interest of its depositors.

It might also be true that if we had adequate regulation of banks and our financial institutions such as trust companies then we would not have to be worried about ownership. However, the two bank failures last year indicate that when it comes to the regulation of banks and the effective control and supervision of those regulations we are not ready. Among other reasons for these bank failures, it has been indicated that there were many dubious loans made to those who were in ownership positions of the two banks. Those are serious concerns. If it were only regulations and adequate enforcement of those regulations that would look after our problems, that should have happened last year and those banks should not have gone under. The Canadian taxpayers would not be in the position they are today of having to pay millions upon millions of dollars to those people who deposited money in those banks.

● (1710)

Those who say that adequate government regulations will solve our problems would probably be correct in an ideal world. In an ideal world, the Conservative Government and the previous Liberal Government would have acted to institute the types of regulations that we need and to make sure that there are adequately financed supervisory groups to enforce those regulations.

One of the other things that we learned as a result of the bank inquiries is that the Inspector General of Banks was looking for additional staff last year to supervise those banks that went under, but he could not get the money from the federal Government. The Conservatives who were in power last

year and the Liberals who were in power the year prior to that had denied him the money he had requested in order to have a staff that could regulate those banks. If he had that staff, perhaps the bank failures would not have taken place. We did not spend the money that was needed at that time, but now we are spending hundreds of millions of dollars resulting from the fact that the Government would not spend the money necessary to supervise those banks.

The Minister responsible for this legislation has risen to say that regulations will solve the problems and that we do not have to worry about corporate concentration of ownership or having financial institutions, through their non-financial institutions, involved in self-dealing. I have to wonder if she is really thinking about what happened last year when this same lack of supervision and adequate regulations allowed two banks to fail. I agree that regulations would help. I agree that adequate supervision of those regulations would certainly help to enhance the protection of investors. However, I think we have to worry about more than just self-dealing. I think we also have to worry about how economic decisions are going to be made.

Earlier on I expressed concern about the concentration of ownership. We have to be worried about concentration of ownership not only within the mining, forestry and drug industries, although those are legitimate concerns, but we must have even more concern when our financial institutions fall under this kind of concentrated ownership. It is no surprise to us to find out that we are talking not only about Canada Trust but about a number of trust and mortgage companies that are likely to fall under the corporate umbrella of Imasco. We are talking about a number of institutions which will be controlled by Imasco and are presently controlled by Genstar.

In Canada, there is no method of controlling the decision-making process of Imasco to ensure that Canada Trust money is being lent in ways which would serve the real economic interests of our country. If a number of small banks and trust companies make those independent decisions which may not be in the best interests of our country, that is bad enough. The fact that there are a number of players in the financial game helps to protect those small businesses that want to make loans. However, once we allow for a concentration of ownership, it makes it very difficult for a small business person to go to a local financial institution and make the financial arrangements he or she wants to make. There is no longer a smorgasbord of institutions to which one may go to discuss terms. One ends up seeking a loan in a very limited market.

Because there is no real competition in the banks at this time and because the concentration of ownership in trust companies is increasing and will increase as a result of this move, there really are no options of which small businessmen, farmers and others who want to borrow money may take advantage. For all of these reasons, we need to have real competition legislation.

I have to agree with others who have said that the legislation before us is not good enough. We need more protection than