

Bank Act

In that context we should not continue with the Liberal-Tory illusion. The Parliamentary Secretary to the Minister of Finance (Mr. Evans), in regurgitating Milton Freidman, said earlier today that government should not be directly involved, that we should not be meddling in the banking industry, and civil servants do not know anything. He said they should not be involved and bureaucrats should not be involved. That is a remarkable statement by someone whose constituency consists of the Public Service of Canada. It is astonishing that he should make that kind of attack on the public servants of Canada. That is what we heard. It is on the record. He said we do not want to have the bureaucrats and the public servants of Canada involved in these kinds of decisions. That is the view which is contained in this bill.

● (1600)

The view is that there will be no control over the ability of chartered banks to place their top officers on the boards of directors of the top Canadian companies, which are the largest companies. These are companies which get larger and larger. Just as pike get larger from eating minnows so, too, our largest companies get larger and larger by eating smaller companies. They do not get larger by creating new jobs but simply by taking over other companies. That is the state of economic activity in Canada today. There are no controls on this phenomenon. We had the government Royal Commission on Corporate Concentration.

Mr. Orlikow: That was a hoax.

Mr. Rae: As the member for Winnipeg North says, that was something of a hoax. Nevertheless, it is interesting to note that even that Royal commission pointed to the problems created by having as concentrated a banking system as we have, and by having the very peculiar situation in which we find ourselves in Canada. We find the level of concentration, the degree of power and the degree of control, are so great.

I think it is remarkable that the government would choose to maintain the mythology that there is a competitive system out there and that the interests of smaller businesses are served just as well as the interests of large businesses by this system. They say there is no competitive advantage to be given to large companies, and the member from Mississauga asked us to give an example. I will give him an example. The very fact of life is that those companies which get the lowest rates of interest are the biggest companies in Canada. This is something he knows, as well as everybody else in this chamber knows.

What companies are paying the prime rate, Mr. Speaker? It is not the small companies. It is not the companies which provide for the employment of most Canadians which get prime rate or prime rate plus one. Let us not fool around. Those companies which get prime rate or prime rate plus one, or which manage to take advantage of the government's open door policy on income debentures, which existed before 1978, were the largest companies in Canada. They are the companies that are getting the advantage of close to prime rate, and not the small business communities. There is nothing in this Bank

Act which protects the interests of small business to see that they have equal access and equal representation on the boards of directors.

When you talk to members from the small business communities and those groups which made representations to this finance committee, they will point out the difficulties they face because of the fact their views and their representations are not being taken seriously and their bona fides are not accepted with as much currency as those of the largest companies of Canada.

I am aware that the government has changed its mind with respect to motion No. 11. I know there were very strong representations made to it by the banking, financial and the large business communities, who said that they want to have these people on their boards. Well, if one had confidence, what would happen would be those large corporations would diversify. Those large banks would diversify their directors and they would be genuinely participating in the life of the whole community rather than simply confining themselves to the economic interests of the few and the large companies that they really serve. Then, if that were to happen, I would say it would be fine. But all the evidence which has accumulated in the last ten years points to the fact that the old boy network has replaced the consumer as king of the marketplace. That hard fact has not been recognized by the government.

I am disappointed that they moved away from the principles contained in motion 11. I am very disappointed that they are not prepared to accept motions Nos. 5 and 10. They should be prepared to put in some countermeasures to ensure that the interests of the consumer and the small businessman are protected so that we can unlock the tyranny which is caused by these interlocking directorates. Thus we can get at the problem of competition. It will not be solved by simply waiting. We have been waiting for a long time for the kind of competition legislation which has been promised. It is promised on an almost regular basis every six months by the Minister of Consumer and Corporate Affairs in order to fend off the questions which inevitably follow the corporate mergers that take place at regular intervals. The problem will not simply be solved by doing that. The Bank Act has a role to play in regulating competition and in ensuring that this corporate concentration is stopped.

If the government is not prepared to accept these amendments then one would have thought that they would be prepared to put in others. But they are not prepared yet to take on the chartered banks and the kind of corporate power which they possess. I think that fact should be exposed and it should be seen for what it is.

[*Translation*]

Hon. Pierre Bussières (Minister of State, Finance): Mr. Speaker, I would like to explain very briefly why we shall oppose the two motions introduced by the hon. member for Broadview-Greenwood (Mr. Rae). If we examine these motions, we see that one of them would prevent members of the boards of major financial institutions from becoming mem-