

Committee Reports

I support the motion before us because it is important that we in the House have some indication from the Government of how the Imasco matter will be decided. It is true that a Bill has been introduced, but we are not at all sure that we will have a chance to debate it before Imasco's takeover is finalized on April 25. Therefore, we do not want to be overtaken by events. We want to be able to put forward some of our concerns.

I was pleased to concur in the report of the Finance Committee on April 8. I hope the Government will take that recommendation seriously and make a considered and consistent decision.

The question of divestment or unwinding was addressed in the Finance Committee's report of last November where a five-year period was suggested for unwinding in certain cases. It has been suggested that that period may be too short. If so, it would be interesting to hear alternative proposals. However, it is important that a commitment be made not to let the present trend continue because it is a trend that has accelerated in recent years.

In the United States, a massive acceleration of corporate debt resulting from the "leveraged buy-out" boom in the past couple of years has left many people apprehensive about the underlying financial soundness of much of the American economy. On January 20, 1986, a well known American writer, Robert Kuttner, used very firm language in offering a serious warning about concentration. He said:

If the legal rules that make possible an orderly corporate and financial marketplace suddenly provide that any firm with undervalued shares is up for grabs whenever a prospective raider can borrow enough money, then the entire real economy is turned into a speculative casino, in which rearranging assets yields greater rewards than building them.

These are some of the concerns of the committee and some of the reasons why we feel some urgency about the Government having a clear policy on ownership.

Mr. Attewell: Mr. Speaker, I serve on the Finance Committee, as do several Members who have spoken today. I believe that we are dealing with a matter that is extremely important not only to the business life but to the economic and social life of Canada. How do we envisage the future of Canada? What kind of business climate do we want in Canada? How large and how much power should some of these corporations have?

Although today's debate concerns this motion, I think we are also dealing with a grave situation in this country. A major cause of this grave situation is the ever-growing concentration of power in this country. We have five or six world banks that have a dominant position in Canada and do a great deal of foreign banking which accounts for some 40 per cent of their assets. We are very proud of the banking industry in this country. However, it is different in the United States which has almost 14,000 banks. There is no dominance in the banking industry there as there is in this country.

A number of other companies in this country have become very large as a result of their sound management and marketing practices.

We must be concerned about this concentration of power. For example, Imasco, a successful and respected company, is on the verge of taking over Genstar which is a corporation that owns Canada Trust. I might say that Canada Trust is one of the best run trust companies in Canada under the guidance of President and Chief Executive Officer, Mervin Lahn. One only needs to briefly examine its record to see that it has been well run for many years.

However, we are concerned about the issue of non-financial corporations controlling financial corporations. The unanimous report of our Finance Committee recognized some of the unique issues in the trust industry. For example, in many cases certain groups and investors had to take a great majority if not all of the share issue to get an organization going. During more difficult economic times, some of these groups have had to provide an infusion of more capital from time to time. They should be credited with keeping these organizations going.

● (1640)

In the report of the Finance Committee which was tabled last November, we recommended unanimously a structure of ownership on a scaled basis. For instance, for a company the size of Canada Trust with over \$20 billion in assets, we recommended the maximum ownership to be 50 per cent. When a trust company's assets exceeded \$30 billion, that ownership would have to be dropped to 25 per cent. When it went over \$40 billion, it would have to be reduced to 10 per cent, similar to the Schedule A banks here in Canada. And I stress that this was a unanimous recommendation.

The problem of non-financial corporations is very much on the minds of a number of senior people in the United States. Mr. Volcker, who is head of the federal reserve, recently called a number of senior people together to express his concern, because even though the U.S. banks cannot be controlled by non-financial corporations, some of the other related financial institutions like Sears Roebuck are developing very large financial assets. So he indeed is concerned about that as well. So there are a number of issues to be looked at.

I would like to compliment the Government and the Minister of State for Finance (Mrs. McDougall). The offer came on March 24. A day later there was discussion right in the House. The next day the House rose for a 10 day or 11 day period. The day we came back on April 7, the Minister presented Bill C-103 in the House which has provisions, as I understand it, to deal with this. We would urge the Government that we act with speed on this matter. With all due respect, it is hard to unscramble eggs and get toothpaste back into the tube. The train is moving. The offer on all shares put forward as of April 14 is now irrevocable. The deal is to be signed on April 25, a week from Friday, which is just nine days away. I think it is only fair to Imasco and other shareholders