

Government Orders

pocket of every bank. They have all got their side-arms. These are the RBC, Dominion and ScotiaMcLeod. They even wear their fancy Scottish tartans. They are identified by their tartans and their little caps like my colleague from Thunder Bay, except theirs is a bright orange. I do not know where they got that from.

Financial deregulation was triggered by the Ronald Reagan administration of the early 1980s. It revolves around letting the market decide so that these systems will become even more efficient in a global market.

The first pillar went down. Bills C-4, C-19 and C-28 further collapsed the pillars. There is going to be no legal distinction or very little legal distinction between banks, trust and insurance companies. It encourages the further breakdown of the pillars. It will erode the pillar structure.

The emergence of a full service financial conglomerate will now come out of the cauldron. That is the ultimate aim of the wizard of Mississauga South. He is now going to draw out of that that there will only be one super financial institution, one financial conglomerate. It will either do it by broadening in-house powers or through the acquisition of subsidiaries including insurance and vice versa.

Canada's laws and regulations supported the pillar concept from a national perspective. They were set to create and regulate institutions which not only held a distinct and well-defined function but also obeyed different ownership rules.

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The pillar constraints were designed to make supervision easier. It was designed to protect national markets from concentration and to reduce chain reactions in the case of a failure. Ownership rules were designed to discourage direct accumulation of powers. They were designed to prevent vertical concentration and conflict of interest and self-dealing.

These rules also safeguarded a predominant Canadian content. We all know about the 10 per cent rule for banks and we know about the 25 per cent rule stating that no group of non-residents may hold more than 25 per cent of the shares of a bank. Now they are all history.

As a result, banks, insurance companies and trust companies will virtually be able to own any type of financial institution.

Look at what is to come. Look inside the cauldron, see what is in there, and see what is emerging from the depths of the cauldron that has been stirred up by my colleague from Mississauga South, the wizard of the committee. Look at what is happening. Insurance companies have recently been gobbling up trust companies. Sun Life Trust, the wholly owned subsidiary of Sun Life Assurance Company, bought Coronet Trust from Crown Inc. and Counsel Trust from Counsel Corp., making it the eighth largest trust company in the country with more than \$3 billion in assets.

The Confederation Life Insurance Co. has been gobbled up. The sale of Standard Trust to Laurentian Bank; the sale of Cabot Capital Corporation and 50 per cent of Huronia Trust and First-Line Trust to Manulife Financial; the sale of Citizens Trust to Vancouver City Savings Credit Union; the sale of two units of La Financière coopérants Inc. to La Financière coopérants crédit-bail Inc. Inc.; and Financière coopérants prêt-épargne Inc. to Laurentian Bank.

Central Guaranty Trust Ltd. is waiting for the matchmaker so that marriage can be consummated. It is sitting there in the bedroom waiting.

National Trust and First City Trust are potential merge candidates; more work for the new matchmaker, not the orchestra conductor any more, but the new matchmaker. That is the new reality. That is the new Tory financial institution's outlook.

I have said consistently in committee that financial-commercial linkages will legalize the creation of major private governments and they have adverse effects on our CDIC.

Imagine one of these sumo wrestlers growing and growing with \$700 billion in assets walking into any prime minister's office and saying: "Hey, Charlie, this is what you're going to do". Is the Prime Minister going to argue with anybody like that? Is he going to argue with that kind of sumo wrestling power? No. He is going to say: "What do you want, sir, and how much?" That is the danger: increased monopoly and the cost of failure.