

Government Orders

What we have is the reality that banks are going to be taking over the insurance industry.

This motion would keep the animals in their cages. We have attempted to do that. We say what we should do is keep them in the cages. They could enter agreements. They could have joint ventures and we would regulate the ventures. It seems to me that is the way to go if we want to preserve the insurance industry and allow it to grow; not to have the banks own the insurance companies. It seems to me the minute they start doing that you get a concentration of activity.

• (1600)

We dealt with the question of the concentration of ownership when we recommended the sliding scale. We saw two types of concentration, one of ownership and one of activity. On the concentration of ownership we dealt with the sliding scale and on the wide ownership, the 10 per cent.

Having done that we now move into the deal with the concentration of activity. We say if you put these lions in the cages and these cobras in their cages and these mongooses in their cages, then in fact we are on our way to properly regulating them. We will prevent a concentration of ownership and activity, which is absolutely detrimental to consumers the minute you melt everything down to one or two or three large financial institutions. That is the trend in the United States.

It bothers me when I hear all this talk about global competition and that somehow you have to be bigger because bigger is better. I think smarter is better. All I keep hearing is that somehow to be a better competitor you have to be bigger. Remember I have two motions here, but remember that bigger is not necessarily better and having one or two or three large financial institutions is not in the best interest of the consumer. You know what happens to the prices and we do not have effective enough anti-monopoly legislation in this country. At least in the United States they have some effective anti-monopoly legislation, but we do not have it here in Canada and now we are opening up the cages and letting them commingle. In the end it will be that lion that you see on the Royal Bank grabbing hold.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, these are the same motions we dealt with in Bill C-4 this morning. What we are talking about here is how we handle insurance. The queries behind our bills are that the institutions will stay within their own frame of reference, insurance companies will sell insurance,

banks will do banking and trust companies will do trust service including the deposit work that trust companies do. The product of insurance will not be marketed in a deposit taking institution.

There is nothing wrong with a bank wanting to buy an insurance company or create an insurance company. That type of cross ownership is behind the concept of these bills. My friend makes the same argument, and the arguments in this particular case are exactly the same as they were this morning. The theory behind the legislation in this reform is to make sure that the insurance companies stay as insurance companies and that the banking and trust industries do not get into that business by marketing their products in their branches.

With respect to the other amendment, the same arguments apply as this morning. A bank will be permitted to acquire an insurance company or incorporate an insurance company and we therefore cannot accept my friend's amendment.

Ms. Catherine Callbeck (Malpeque): Mr. Speaker, these are really the same amendments as we had this morning on Bill C-4, the trust act. The first one, of course, is regarding the power of banks to sell all types of insurance.

As I mentioned earlier, we heard all kinds of arguments on this issue. We had briefs presented to us with arguments that were for banks selling insurance. We had briefs and witnesses who made presentations for the other side of the argument.

We went into this in great depth. After studying the issue, we in the Liberal Party believe that banks should not sell all types of insurance. I have spoken on this before. The reasons for this are on the record here two or three times. I will be elaborating on those again when I speak on this bill on third reading.

With regard to the other amendment which we have before us, it is restricting banks from owning insurance companies. We believe that since widely held insurance companies will be able under this new legislation to own a bank, then it seems logical that banks should be able to own an insurance company.

I know there have been concerns raised about corporate concentration. That will be dealt with in a couple of ways. One is the Competition Act and the other is the Minister of Finance. He can refuse a merger if it would not serve the best interests of the Canadian financial institution system.