

Committee Reports

Fairview Corporation, one of the largest real estate developers in this country. He has stuck his neck out and warned Members of Parliament to stop the erosion of economic and political democracy and recommends against the close ownership of financial institutions by non-financial institutions. In fact, he advocates a roll-back. I hope this Government will heed the warnings not only of its own committee but of people like Mr. Bernard Ghert. I hope it will agree with the recommendations of the committee.

The Acting Speaker (Mr. Charest): Questions or comments.

Mr. McCrossan: Mr. Speaker, I would like to make one comment and then ask the Hon. Member about his reference to Mr. Ghert's statement. We are now down to our last speaker this afternoon. All Members of all Parties have had ample opportunity to speak today and so far I have not heard one single Member of Parliament from any Party speak in favour of the takeover of Canada Trust by Imasco. With respect to the comments of Mr. Ghert, he suggested that there were four dangers. I would like to deal with each of these separately.

• (1740)

The first danger, he suggested, was that the non-financial owner could advance the interest of some companies or suppliers by penalizing others. As we know, there is a direct ban on loans between parent and subsidiary companies. Would the Member agree that an example of such a danger might be if a parent company instructed its subsidiary financial company to lend money to a third company so that that third company could buy something from the parent company? That would be a perfect example. Similarly, he has referred explicitly to Mr. Ghert's letter in terms of the second danger, that of undermining the position of rivals. Would he agree that the instructions of a non-financial parent to refuse a loan represents something that should be prohibited by law?

The third danger that Mr. Ghert pointed out was providing excess rewards to the top management officers. It was reported in the *Toronto Star* this weekend that as a result of this proposed transaction, the Chairman and the President of Genstar are each in a position to earn some \$40 million this year. Would he regard those as concrete examples of the dangers that Mr. Ghert was mentioning? In addition, would he regard the selling of real estate by the parent to a subsidiary trust company as another example of a danger that could occur as a result of concentration of ownership?

Finally, would he regard the paying of commissions or finders fees by a financial institution to its non-financial owner as a conflict of interest if the non-financial owner was directing the financial company to perform certain transactions?

Mr. de Jong: Mr. Speaker, I would say yes, yes, yes and yes. They are all excellent examples of some of the detrimental effects that Mr. Ghert brought forward in his presentation, and that my colleague and friend has fleshed out. You could put in regulations that could control all of that. Some of the

proposals in the Green Paper that the Minister of State for Finance (Mrs. McDougall) introduced suggested that, yes, we can put in a regulatory regime that would prevent self-dealing, discrimination, non-arm's length treatment, and so forth.

When we travelled across the country in the Finance Committee I think we all came to the conclusion that if you are going to control that through regulations, you are going to end up with such a bureaucracy that you will need people working in those companies checking over everybody's shoulder to make certain that it never occurs. I do not think there was one member of the Finance Committee who felt that that was a realistic way to go.

Once you open the door to allowing non-financial and financial institutions to be married and in bed together, you cannot really control their sex ethics by government regulation. It invites such a horrendous policing that it is unrealistic. The Finance Committee came to the conclusion, and I believe rightly so, that the best way not to have that illicit sex was to keep them out of the same bed.

Mr. Friesen: Mr. Speaker, I want to say that as a member of the committee on parliamentary reform I have taken particular pleasure in what is happening today. I think this is one of the examples of emancipating the back-bencher and giving him a role that he has, hitherto, not really enjoyed in Canada. It is sending a signal across the country that while we have elected a Government to take the correct initiatives, it is not always right. The Government could be wrong, and human frailty being what it is, the Government is capable of making mistakes. The process we are going through now is one of the checks and balances that operate in the system.

It is with that introductory remark that I want to engage the Member who just spoke with respect to his introductory statements in which he was complimenting the system and the reform that has taken place. I was somewhat surprised, and I guess saddened, that he had to conclude that if the Government does not respond correctly to what the committee does then, in effect, the committee has been hung out to dry. I was saddened to hear that kind of imputation of motives behind everything that goes on here in the Chamber as a result of this new reform mood that we have.

Surely, the whole package of reform is designed, first of all, to give freedom to the back-bencher and not to impute motives. As soon as you impute motives you are bringing into the arena all the confrontation we are trying to dilute in the reform package. As we indicated on the night the reform package was accepted in the House, the purpose of all of this is to give meaning to the back-bencher. That is not simply to exercise power politics, as important as that may be sometimes, but to do away with a lot of the confrontation that goes on, the name calling and the power blocks.

I hope that the Member who spoke in the debate will recognize that the purpose of the reform is to do away with the confrontation that is going on constantly and to look for solutions rather than, by imputing motives, again stimulate