

*Committee Reports*

own fast food chains, drug stores and make cigarets want to acquire this major trust company.

What is wrong, Mr. Speaker, with a non-financial institution taking control of a financial institution? The Chairman of the Finance Committee, I think, did a pretty good job in explaining to the House and to Canadians what is wrong with it.

Let me reiterate some of his points. It means that a non-financial institution has control over a financial institution and that financial institution gets its assets from depositors, not its own money but other people's money. It uses other people's money to acquire power and, the way the Chairman of the Finance Committee describes it, the leverage. It acquires this power not out of its investment and capital but from other people's deposits and the trust of other people. If you place your life savings as a depositor in a financial institution, you do it out of a sense of trust that that financial institution will manage the money properly. That money will be there on deposit when you want to withdraw it. It is a tremendous act of trust by the depositors.

● (1730)

The financial institution then uses that money. If that financial institution is owned by a non-financial institution, what is there to stop it from using those deposits for the interest of the non-financial part of the conglomerate as a source of cheap capital to expand or take over other companies? They can prevent loans to their competitors. They can discriminate against their corporate enemies and favour their corporate friends. Self-dealing is one way of explaining the potential conflict of interest between the financial and non-financial side of a conglomerate. We in the NDP feel this is wrong. Today we have heard Members of the Liberal Party tell us they also consider this wrong. Of course, they had many years to do something about it but neglected to do so. During their tenure they allowed large conglomerates to be organized in this country. However, I am heartened to hear that members of the Liberal Party are finally saying enough is enough. I am doubly heartened to hear that Members of the Conservative Party are also saying enough is enough. We have to draw the line. We in the NDP have been saying that for quite a number of years but, as with many other things, the Conservative and Liberal Parties are finally catching up with us. I am glad to hear that today is the day those two old line Parties are finally beginning to realize that the rate of economic concentration which is occurring and has occurred in this country has now reached such a level that a line has been drawn.

The political and economic well-being of this country is now in danger. When you have such a concentration of economic power in fewer and fewer hands, not only are those fewer and fewer hands able to dictate the economic well-being of this country, but eventually your political freedom and political independence become endangered. Once you allow so much power to be amassed in so few hands, Governments bend to their will. If they do not like what Governments are doing or

what the people decide in elections when they elect certain types of Government which the conglomerates and those who control them do not agree with politically, they will use their economic power to destroy those Governments.

We hear a lot about the inequities of labour unions going on strike, especially involving vital industries. However, we do not hear very much about capital going on strike. We generally believe in the freedom of capital, although we do not necessarily believe in the freedom of working people to withdraw their services. We pass legislation to send working people back to work but we do not pass legislation to prevent capital from going on strike and leaving certain jurisdictions. That has been done in the past in this country. When they do not like the political climate or the Government of a certain jurisdiction, they have gone on strike and removed their capital. They have closed some plants. They have not reinvested. They have created a milieu of labour unrest and high unemployment, which then forces the Government into political defeat or political subservience to the economic masters. There is a very real danger that if we allow these corporate takeovers to continue, our political and democratic freedom will begin to erode.

It is very difficult to unravel that power once it has been accumulated, very, very difficult. I think every member of the Standing Committee on Finance, Trade and Economic Affairs was tremendously impressed by the Chief Executive Officer and President of Cadillac-Fairview Corporation. Not only was I impressed, I was astounded, to tell you the truth, when Mr. Bernard Ghert made his presentation to our committee. He warned us in a very dramatic and direct way of the political and economic dangers which occur when financial and non-financial institutions are married together. I believe he recently sent to every Member of Parliament a copy of his address to the Vancouver Board of Trade at the World Trade Centre in Vancouver, and I would like to quote from that. He said:

Let me give you just a few examples of how economic power is exercised, even under present conditions.

- It can be used to advance the interests of some customers or suppliers or penalize others who are out of favour.
- It can undermine the position of rivals in ways inconsistent with maximizing the wealth of one's own shareholders.
- It can provide excess rewards, pecuniary or otherwise, to the top management coalition that effectively controls the group.
- Economic power can be used to influence public policy through the political process, that is, lobbying, advocacy advertising, public relations, campaign contributions and directing corporate locational decisions.

These are not just theoretical situations. The public record provides examples of the use of corporate power in ways detrimental to the general good of the Canadian people.

As an example of what is going on, I know of an instance where if the witnesses were required to testify under oath, they would tell about one financial institution which had instructions from senior executives of the parent non-financial company to refuse a loan to its competitors.

I will end my remarks with that quotation. It is a warning from surely one of the great captains of capitalism in this country, the President and Executive Director of Cadillac-