Bank Act, as I have said, to provide for a degree of government involvement and regulation which guarantees the protection of the consumer in one instance and a genuinely competitive system with trust companies, caisses populaires and credit unions providing competition with the banks on the other? With regard to this last point, I think there is another major illusion. Introducing the foreign bank provisions of this act, as hon. members know, allows foreign banks up to 8 per cent of the total assets of Canada's banking system. The argument has been made that this is one key way of allowing for greater competition in the system. We can look at the difficulties faced by the Continental Bank and we can look at the amendments presented by the hon. member for Edmonton West (Mr. Lambert) with respect to small banks and their reserve requirements. We agree with those amendments, because if we are to provide for a genuinely competitive system and in fact encourage the growth of smaller Canadian banks, then in a sense we must give some market advantage to those groups. If we are genuinely concerned with this problem, then it may well be that the government reserve policy will have to be sufficiently lenient and discriminating—I am not saying discriminatory, I am saying discriminating—to allow for the growth of banking institutions which will provide for perhaps more specialized services to particular sectors of the economy, but subject to federal control and regulation, with guarantees of at least ownership being fairly widely dispersed and so on.

• (1520)

As we know, foreign banks will very quickly get to the 8 per cent limit. Indeed, to my regret I predict the House will be requested by the government to increase that limit during the life of this act. The implication is that foreign banks will come in and take over the business of foreign subsidiaries of companies working overseas. In a sense they will skim off that business from current Canadian banks. Having, in a sense, occupied that 8 per cent, we will not be in a position to encourage the formation of smaller Canadian banks, whether they be the Crown banks which our party discussed in committee, trust companies or other financial institutions which decide to become banks.

In summary, there are two main problems with the Bank Act before us. It does not recognize the need to increase the power of the government to regulate the banking industry, and, to be polite, it provides for insufficient protection of the public interest. For example, it indicates that there will never be Crown banks, that no public servants can serve on the boards of directors of banks, and that banks will continue to be allowed to set whatever interest rates they wish without any intervention by government. Those are all examples of inadequate protection of the public interest. Also the act fails to provide for real and genuine competition, from the points of view of other institutions, other industries and consumers.

In closing I should like to refer to one amendment—I know the minister has stepped out of the House for a moment, but I have spoken to him about this many times. I know there are other members of the House who are equally concerned with the principle contained in the amendment. If the government rejects all the principles of consumer protection and financial disclosure—they have accepted some but rejected others—they should think again about the following item. I am referring to the fact that we do not require banks which are engaged in over 35 per cent of their business overseas, in substantive and major dealings with foreign countries and the agencies of foreign countries to inform the Canadian public on an annual basis as to the number and size of their loans. The principle of confidentiality has been abused to prevent consumers and other various interested groups from knowing exactly the foreign policy of our banks. We have many examples of where it would be useful to know the domestic policy of our banks. For example, if the Canadian Imperial Bank of Commerce lent the amount it is reported to have lent to Massey-Ferguson, it is no longer a matter of confidentiality. It becomes a matter of concern to the governments involved in the negotiations, to consumers concerned about where they will bank, how they will bank and the wisdom of carrying out policies where such a large share of assets is tied up by one company. If the domestic policy is unsatisfactory, the foreign policy implications are tremendous.

All our banks are engaged on a day-to-day basis with loans of a huge size to countries all over the world. When this happens it has implications for Canada's foreign policy and those people who are deeply concerned about the internal policies of those governments. I am referring, for example, to the governments of South Africa, Chile, Eastern Europe and cases where internationally syndicated loans are arranged through large companies.

I see Mr. Speaker about to rise to his feet. This is one amendment which the government could well accept without for a moment moving away from the basic principles contained in the act. In fact it would merely extend principles already accepted in committee, in other words that, there is a right to know on the part of every consumer and an obligation on the part of these companies to divulge all their financial information on as full and fair a basis as possible.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: No.

Mr. Baker (Nepean-Carleton): Mr. Speaker, the hon. member for Edmonton West (Mr. Lambert) is consulting with the Minister of State for Finance (Mr. Bussières).

• (1530)

Mr. Lambert: Mr. Speaker, in my confusion I thought the minister would speak before me but if he wishes to close the debate, that is fine.

I wish to turn to the second half of my stint this afternoon and deal with amendments 1 and 2. I think it is quite clear that the House should have a clarification of what I have in mind for motion No. 1, which is the definition of a bank.