There are more than 3,000 Canadian financial institutions operating today in Canada and throughout the world. Together, they have close to one trillion dollars in assets. Through some 1,400 branches across the country and with close to half a million employees, Canadian financial institutions serve practically every individual and business in the country.

If anyone has ever had a mortgage, borrowed money to buy a car, deposited money in a bank, written someone a cheque, or purchased an insurance policy, they almost certainly had to go through a financial institution. These are the institutions that hold our savings, lend them to businesses and individuals, and operate our cheque clearing system.

It is probably safe to say that without financial institutions, our economy would simply dry up. Financing is extremely important to the economy, whether it is a large national economy or the small economy of Prince Edward Island, my province. Crucial to the development of my province is the establishment and growth of small business, which in turn is dependent upon adequate and low cost financing.

If Canada's financial industry becomes inefficient as a result of federal government neglect, or for whatever reason, the economy of Prince Edward Island, and of Canada, would suffer. Clearly then, the ability of Canada's banks and other financial institutions to survive and compete globally has a direct impact on their ability to provide relatively low cost financial services here at home.

I would like to address some of the major issues that have been raised by the government's reform package. These are issues that certainly must be resolved before meaningful reform of Canada's financial institutions can take place. I will deal with them under four separate headings: powers, ownership, regulation, and supervision.

The situation before this reform package came along is that trust and loan companies can, among other things, take consumer and commercial deposits and are involved in the mortgage business. They do not have full commercial or consumer lending powers yet. However, Bill C-83 will change that.

The first issue under the heading of powers is networking, or the ability of a financial institution from one pillar to offer its network offices to promote or to sell the products of an institution from another pillar.

• (1210)

As we know, Bill C-83 gives trust and loan companies natural personal powers or, in other words, allows them to engage in whatever financial activity is not expressly forbidden by law. The present trust and loan companies can do only what the law expressly permits them to do.

This kind of opening up of the financial services industry in principle is a good thing because it gives consumers more choice and it should ensure more competition. However, I wonder if the government knows what it is doing by throwing the market wide open in this way. What are the costs? What are the benefits associated with this new openness? Will the loss of jobs in the industries now protected from competition from trust and loan companies be matched by an increase in new job opportunities? These are the kinds of questions the government certainly should have asked before releasing its policy package. They are the ones that we will be asking in committee.

One of the most controversial network proposals contained in the government's package concerns banks selling insurance. The insurance industry has warned against letting banks sell insurance. It has argued that consumers will suffer a reduction in the level of service and that banks, with their huge network of branches, will grow to dominate the insurance industry to the detriment of fair competition.

Other issues under the powers heading include the question of whether financial institutions should be able to promote goods and services, including insurance, to their credit card holders and the whole question of allowing banks into the auto leasing business.

The auto leasing business is extremely important with thousands of jobs at stake. One opposition member told me that he had 15 auto dealers in his riding representing over 400 jobs. Clearly we have to deal with this issue very carefully, balancing the need for more competition with sensitivity to the local employment situation in Canada.

Under the ownership heading are issues such as closely versus widely-held ownership of financial institu-