

*Bank Act*

and unless a process has been gone through. It is more difficult to get a liquor licence in Ontario than it is to become a bank under the current proposals of the government. Frankly, I think this is absurd. I think it is something that the minister should consider again in light of developments in other jurisdictions and in light of the concern that consumers have, legitimately I think, with respect to how it is that the Inspector General and the government intend to "divvy up" the \$12 billion worth of assets amongst all the foreign banks that are coming into Canada.

I must also tell the minister that we are still not satisfied with the information we have as to the current activities of foreign banks in Canada. It is interesting, for example, that when the hon. member for York-Peel (Mr. Stevens) and I were asking questions concerning the activities of foreign banks in Canada, we were told that this information was confidential. We have yet to receive information on the three largest foreign banks in Canada. We know from the Inspector General that the three foreign banks have subsidiaries in Canada with assets of over \$500 million, but we do not know which those subsidiaries are. We do not know the relative size of the others, and it is interesting to note that the largest banks have yet to respond to the letter which the committee has sent out. The committee has yet to receive that kind of information. I can tell the minister that if we do not have that information in October, he will have a hard time convincing me that we should be passing legislation calling for the incorporation of new institutions when we do not know what their activities are at present. It is absurd to ask a parliamentary committee to allow that kind of legislation to go through when we do not have that information.

On consumer protection, I am glad that the government has accepted our suggestions with respect to lack of penalties for prepayment, the amendments that were prepared by my colleagues and I. We regret that there is not as yet full protection for borrowers and depositors in a section in our banking legislation. We think it should be there. We proposed amendments that would have put it there and we think they were appropriate. We regret the fact that we are having to wait for further advances by a federal-provincial committee. We do not think that is necessary. We think the federal government could take the lead in this area. However, we recognize that the government has taken a small step in the right direction and we think it is an important step, both in respect of the lack of prepayment penalties and with respect to the abolition of the rule of 78.

I would point out to those people who think we should just have rubber stamped this Bank Act because it is a piece of technical legislation that no one can readily understand that we are dealing with an act which regulates activities which last year amounted to over \$4.9 billion taken out in consumer loans in this country. It is an industry which affects virtually every consumer, and unless there is legislation protecting that consumer and guaranteeing that windfall profits are not made at the expense of the consumer, I do not think that legislation

should be passed. Indeed that is a commitment which we will continue to make to the people of Canada.

With respect to directors, I think it is important that we notice that the government has changed its mind. It started with the principle in 1976 that those people who were bank employees should not be directors of other companies. They have reneged on that under pressures from the corporate elite, if I may use that word, and have decided that there will be no such protection.

I think the government has made a mistake. I have yet to hear a convincing response from the minister as to why the government has changed its mind in the area of incorporate directorships. We feel it is extremely important that the Canadian consumer and the Canadian small businessman feel that they have as much access to the decision-making processes of our banks as do the directors of our largest and most powerful corporations.

In the area of leasing, I say to the minister that we think he has come part of the way in that the government has decided not to allow the banks to get into the area of car leasing. But we think that the hon. member for Lincoln (Mr. Mackasey), the hon. member for Mississauga South (Mr. Blenkarn), and indeed members of our party, have raised issues with respect to leasing that have still not been satisfied and still not been dealt with by the government. I hope again that the government will take the opportunity of the summer break to consider the leasing question. The leasing question concerns small business, it concerns capital cost allowance, and it concerns the very real question of who is going to take advantage of growth in a growing business—and there are many areas where we know the leasing business is going to grow. Will it be the subsidiaries of the banks or will it be smaller Canadian corporations which have, in many fields, particularly in the car leasing field, provided a service to the consumer? I think it is a very real philosophical question.

I know the views of the banks, of Mr. MacIntosh of the Canadian Bankers' Association and others, who have stated that for them leasing is just another form of financing and that therefore it is something to which the banks should have access. On the other hand, there are those who say this is a very important source of tax write-off revenue for the banking subsidiaries at which we should look very carefully. We should have information, it seems to me, on the rate of taxation that has been paid by the current bank subsidiaries, RoyLease for example, and see how much tax they are paying in comparison with other small businesses that are engaged in the same business. It seems to me to be a legitimate question to ask whether we are in fact establishing subsidiaries which will not be paying very much tax.

In the field of data processing, we still have concerns. Again the minister knows what they are with respect to the ability of the banks to engage in businesses which compete directly with services provided by existing corporations. The leverage of the banks is very great and the ability of the banks to compete with those industries to which they in turn are acting as bankers is a very serious question, one with which the commit-