

all sure whether the limit should be 16 per cent or 20 per cent or 12 per cent. It is wise to have a limitation, because that was the opinion of Parliament when foreign banks were permitted to do business in Canada. However, I feel that we are now proceeding in haste on a bill that is of some considerable importance. Although it is a short bill, it is an important one. I cannot help but agree with what my colleague, Senator Argue, has said. If we are going to expand the banking system and provide consumers with more credit, then I am not sure that we have to do it through a foreign system, and I would rather like to hear more about it.

Honourable senators will recall that when the question of foreign banks being licensed in Canada was first discussed some years ago, one of the problems was that the subsidiaries of the great American international corporations, such as General Motors, Chrysler, the major oil companies, and so on, quite logically extended their banking relationships to this country, the effect of which was not particularly advantageous to our own banking system.

I believe that the extension of the number of Canadian chartered banks or regional banks in recent times has been quite good. I believe that we have made more credit available, and I hope that the cost has been reduced. That is all to the good, and perhaps the 16 per cent limit on foreign banks is also to the good. However, I ask myself "What is the great hurry concerning this legislation?" Are we in this chamber not setting a precedent in accepting a report of another committee at which no member of the Senate was present? We have not had an opportunity to express an opinion or to call witnesses whose views may be important to the whole scheme. As Senator Roblin said a few moments ago, we must all recognize that the banking system in Canada, with all of its faults, has been one of our great financial successes, and has withstood a number of shocks over the years. Honourable senators may recall that during the days of President Roosevelt, when banks in the United States were closing almost by the second, our own banks weathered the storm, and, over the years, have weathered similar storms extraordinarily well. The stability of our financial system has been a matter of great credit to Canada and a source of satisfaction to all thinking people.

We now have this bill before us and we have been given only a short time in which to pass it. I cannot see why there should be this haste or why we should rubber stamp it. At present there are disturbing factors in the Canadian financial world, and some of us are concerned about the trust companies. For some years now there has been a tendency for trust companies to get rolled up into large financial conglomerates, financial organizations comprising investment companies, insurance companies and trust companies. The control and function of trust companies, which should be to take care of people's money, legacies, wills, and other financial problems has changed to a great degree, and I am not sure that the change has been in the right direction.

I do not like to see legislation passed in haste without being given full consideration. For that reason I am not in favour of the passage of this bill at this time.

Hon. Peter Bosa: Honourable senators, it is my understanding that when the Bank Act was amended a number of years ago to permit foreign banks to operate in Canada, the purpose was to provide greater competition in the domestic market and to give more latitude to borrowers to choose the source of their loans. At that time it was also indicated that foreign banks would assist small businesses with their financial needs. Recently it has come to my attention that some foreign banks in Canada have not lived up to that commitment. I, too, have the same reservation that Senator Molson has, namely, that I would have preferred to see this bill referred to the Standing Senate Committee on Banking, Trade and Commerce, because that would have given us an opportunity to ask the representatives of foreign banks pertinent questions in relation to their mandate.

I realize that there is pressure to pass this bill in its present form, but I hope that in the near future an opportunity will be provided to discuss this matter when a similar bill comes before us. In my opinion, it would be advisable for honourable senators to question representatives of foreign banks to ensure that they are living up to their original commitment.

Senator Frith: I have nothing further to add in reply.

Motion agreed to and bill read second time, on division.

● (1150)

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-24, to amend the Financial Administration Act in relation to Crown corporations and to amend other Acts in consequence thereof.

He said: Honourable senators, Bill C-24 is not simple, short or of minor importance.

Hon. Duff Roblin (Deputy Leader of the Opposition): Nor is it timely.

Senator Frith: It is of major importance and it is quite complicated. Therefore, as sponsor of the bill, I want to make it quite clear why I am asking the Senate to pass it today. It seems to me that we can only do so on faith and I cannot put it any higher than that. This bill had a pretty stormy voyage in the other place. It came forward with the object, which I think most parliamentarians consider worthy, of increasing the supervisory role of Parliament over crown corporations and of making them subject to greater supervision by Parliament and by agencies of Parliament such as the Auditor General. The