

early 1970s and late 1960s and to respond immediately to those rather than to look at the broad framework for the future.

I think there is an illusion that our banking system is competitive. It is one of the great organizing myths of our time that we have a competitive banking system. The fact is, we have an intensely monopolistic banking system with a very few large and powerful institutions dominating the marketplace. We have the illusion that somehow our banking system is a kind of bazaar where there is relative equality between borrowers and lenders. That is one of the great illusions of our time. Because we are convinced that that is an illusion, the thrust of the amendments we have put forward is, on the one hand, to recognize the necessity of direct public involvement and regulation of what has become a highly concentrated industry and, on the other hand, to provide for competition wherever that is possible. I refer to competition in the sense of providing protection for those industries, individuals and competing institutions who do not have the market power of the banks and protection for those consumers, small businessmen and farmers, who when dealing with banks do not deal with them in a relationship of equality. In a sense that is the philosophical basis on which we approach the question of the Bank Act.

Mr. MacIntosh is the president of the Canadian Bankers' Association and former vice-president of the Bank of Nova Scotia. He is a very articulate and capable spokesman for the banking community. He has been engaged in a program of organized sour grapes about the Bank Act. He has been saying that somehow the House of Commons finance committee has simply responded to the loudest voices, that we have not heard the voice of the banks, that he now has to resort to going to the Senate in order to get the kind of hearing he thinks the banks deserve. One can only say to those like Mr. MacIntosh that the largest, the most persistent, the loudest, the most aggressive, the most omnipresent and the most persuasive lobby in this country is that of the Canadian Bankers' Association.

On his retirement, President McLaughlin gave an interview in which he said proudly that he could pick up a telephone and get hold of any member of Parliament he wants at any time, that all he has to do is look down the list to get access to information and that at the flick of a finger he knows any member of Parliament's banker, his local bank manager, where he banks and how he banks. These are the defenceless virgins who are coming before us and saying, for example, that the Federation of Automobile Dealers has taken unfair advantage of the House of Commons finance committee, that the Cattlemen's Association has somehow bludgeoned 21 members of the finance committee into accepting its amendments, that the data processors had somehow managed to thrust themselves upon the finance committee and that the Canadian Bankers' Association has retreated because of the power of those lobbies. Who is Mr. MacIntosh trying to kid? No entreaties have been more persistent, no group has been more constantly present at every single meeting of the finance committee and no one group has been more persistently on the

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telephone than the Canadian Bankers' Association. As the Minister of Finance (Mr. MacEachen) stated last spring, the association was so desperate that it even invited me to lunch last spring to discuss the Bank Act.

My job requires me to do many things—

Mr. Baker (Nepean-Carleton): And eating is one of them.

Mr. Rae: The hon. member for Nepean-Carleton (Mr. Baker) points out that eating is one of them. Let us be under no illusions. This is not a Bank Act, unfortunately, which is antithetical to the interests of the banks. This is a Bank Act in a sense which simply in the mildest way possible attempts to say to the banks that they cannot have absolutely everything they are asking for; there are some limitations on the market power the banks are going to be allowed to exercise. In our view the limitations are very important but not as large as we would have liked them to be. Nevertheless, they are necessary.

In the case of automobile dealers, as has been pointed out by other speakers, why in the name of goodness should we allow the banks to get into the business of leasing cars? Why should that become a part of the business of banking? I feel equally strongly, as do other members of my party, about a very successful, growing—I am speaking of what it will be like ten years down the road—and increasingly important sector, the data processing sector and the computer industry dealing with payroll, accounting and a number of financial services which are provided to business. In our view the banks must be very carefully and strictly regulated in that field.

Mr. MacIntosh mentions it as being one of the most important sectors, and he urges that they be allowed to continue to stay in this field. We are not happy with the regulations which have been put forward by the Department of Finance because we feel that those regulations give too broad a power to the banks and do not give sufficient protection to a growing Canadian industry. The answer always given by the banks to these criticisms is that they can provide the best and most competitive system and that all that we are doing by giving an advantage to credit unions or to the automobile dealers or to the data processors is subsidizing inefficiency. That is their argument. Their argument is that the wider public interest will be served by the provision of the most efficient and least expensive service. On many occasions when Mr. MacIntosh has presented this argument before the committee—and I would like to leave this argument on the record in terms of our perspective—I have said that the public interest is not simply defined by having one, two or three large and extremely powerful financial institutions providing every single kind of financial and economic service to the consumer. In the short run that may provide a cheaper service, but one also has to ask whether the elimination of whole sectors of our economy, the takeover of smaller financial institutions and the removal of all the market power and ability of small businessmen in the car-dealing field and in the data processing field is really in the public interest. Would it not be in the greater public interest to have a diversity of institutions providing information and services to the consumer, and should we not be striving in our