

Committee Reports

competition. The suggestion is then made that this takeover will not reduce competition that much, and indeed will not hurt competition at all. The suggestion has been made that Canada is a relatively small country and therefore needs large companies with masses of capital to finance large activities in which we have to engage with foreign countries.

I happen to believe that even with those concerns in mind, the takeover is wrong, largely because we are not dealing with a boot and shoe company but with depositors' money. We are dealing with the money of those who have savings. It is essential that those savings be treated in a fashion where there is no likelihood or probability for the savings to be used improperly to enrich the owners of the company at the expense of the savers.

● (1710)

Mr. Riis: Mr. Speaker, I have three supplementary questions for the Hon. Member. First, if this particular takeover proceeds, is it the Hon. Member's understanding that there would be some possibility that the deposits of depositors would be at some risk? I place emphasis upon the words "some possibility". Second, does the Hon. Member have any concern at all that Imasco is controlled 44 per cent by a British conglomerate? Third, rather than the 10 per cent rule, which he advocates makes a lot of sense with the big banks, if the rule were changed for Canada Trust not to 10 per cent but to 30 per cent or 40 per cent, would that satisfy him?

Mr. Blenkarn: Mr. Speaker, perhaps I will answer the questions in reverse order. I am not all that concerned about foreign ownership. Over the last decade and a half Canadians have been buying up, with great abandon, foreign companies operating in Canada. Deak Perera, an international currency house operated out of New York, was bought up this week by one of my constituents. The company will now be called Deak International and will have its head office at 10 King Street in Toronto, rather than in New York. That is the kind of thing that is happening. I am not too concerned about foreigners having some business here because our intermediaries have a great deal of business in foreign countries.

Having said that, I think it is not proper to maintain the 10 per cent rule for the banks in the present fashion. Some of the smaller banks in Canada would be far better off if they were owned fairly closely. Close ownership is needed to give those banks the additional strength which is required, particularly at the present time. Perhaps the 10 per cent rule is only appropriate for the very largest institutions. I would be quite content to see Canada Trust at its present size owned 40 per cent by one shareholder or one shareholding group. As it grew, perhaps that one shareholding group would have to divest or allow in more people.

I am quite happy about the recommendations of the Finance Committee. They provide that there can be sole ownership only up to \$10 billion in assets and 75 per cent ownership from \$10 billion to \$20 billion. At \$20 billion they have to get down to 50 per cent ownership; at \$30 billion, to 25 per cent

ownership; and at \$40 billion, to the 10 per cent rule. On that basis major banks would be at the 10 per cent rule. Perhaps there could be some narrowing of the ownership requirement for the National Bank. That suggestion in committee was well thought out. It leaves ample opportunity for development of our financial institutions and ensures that, as the institutions become larger, there is divestiture and an opening of investment opportunity.

Mr. Berger: Mr. Speaker, I thank the Hon. Member for his very entertaining and interesting comments, and I should like to ask him a couple of questions. His general thrust was that we should be treating everyone in the same way, and he referred to the four pillars. If these rules were put in place, would we indeed be treating everyone in the same way? I understand that there are certain exceptions under provincial legislation. For example, the Laurentian Group is controlled ultimately by an insurance company. It is a holding company which I believe has interests in a savings bank and is becoming involved in many other areas. I understand that the provincial legislation in Quebec governing it is considerably looser. If rules of this nature were in place, would certain financial institutions in Canada controlled by holding companies escape these rules and therefore be at a competitive advantage in relation to other companies?

My second question relates to the self-dealing ban. Canada Trust has proposed a ban on any business dealings with any company or affiliate of a company owning more than 10 per cent of the trust firm. On the face of it that seems to be solid; it is quite a formidable ban. The Hon. Member indicated that he was not satisfied with that ban and that there was still a danger. Why does he feel that that is so?

Mr. Blenkarn: Mr. Speaker, I thank the Hon. Member for his question. The proposal by the Canada Trust board was a board resolution. Board resolutions can be altered the next day by other board resolutions. It is a nice resolution to have on the books. There are certain self-dealing bans already in the Loan Companies Act and the Trust Companies Act, and several further self-dealing bans will be proposed. Perhaps the Hon. Member might find it entertaining to attend the meeting of the Finance Committee next Monday. Perhaps he would find out how certain transactions were put together involving the Canada Permanent Mortgage Corporation to finance certain takeovers. Somehow those transactions managed to be treated as all right, even though they certainly do not smell all right at this point.

With regard to the Laurentian Group, the Hon. Member might find a breakdown of the financial intermediaries in the country on page 56 and page 57 of the English version of the report entitled *Canadian Financial Institutions*. In September the Laurentian Group was deemed to have, in total assets—that is the whole ball of wax—some \$8 billion, so under our own criteria it could be a solely owned group.

Mr. Simon de Jong (Regina East): Mr. Speaker, I wish to participate in the debate on the motion presented by the Hon.