

of Domtar Limited, and of the Iron Ore Company of Canada. If I were to take the time to list all the corporations of which Mr. McDougald is a director it would take up the whole of the 40 minutes available to me.

Now I turn to the third largest bank, the Bank of Montreal. Its chairman, Fred McNeil, is a director of Canadian Cannery, Dominion Life, MICC Investments, the Mortgage Insurance Company, Seagrams Limited, and International Resources Finance Bank. Another director, A. Searle Leach, is a director of Federal Industries, of Great West Life, of Bathurst Paper, of Carling-O'Keefe Limited, and of Dominion Tanners.

I could go on and on, but I think the few examples I have given illustrate the kind of control which the senior officers of Canadian banks exercise not only over the banking system but over the largest corporations of this country. At a time when ordinary citizens are being told by the federal government that they ought to restrict demands for increases in wages and salaries to 6 per cent, although the cost of living is increasing by 9 per cent, we find that the assets and profits of the banks have been increasing month by month and year by year at well beyond that rate.

I call attention to an article which appeared in the *Globe and Mail* of February 22, 1978, in the section headed "Report on Business." Consider the situation. Our largest bank, the Royal Bank, held assets amounting to \$35,670 million as of December, 1977. This figure increased in one year by 18.8 per cent. On the same date the Canadian Imperial Bank of Commerce held assets of \$32,781 million. In that case there was an increase of 19.6 per cent in one year. The assets of the Bank of Montreal, at \$25.9 million, increased by 21.8 per cent in one year, and those of the Toronto-Dominion Bank, at \$19.46 million, increased by 18.5 per cent.

Looking at the extent to which assets have risen one also finds that funds invested in NHA mortgages increased by 35 per cent, money on loan increased by 16.5 per cent, the value of securities held went up by 62 per cent, and holdings of Canadian treasury bonds increased in value by 17.3 per cent. Finally, funds out on day call and short loans rose by 32.5 per cent. Not only do the banks possess tremendous assets but the size of those assets is increasing rapidly. Total bank assets in December, 1977, according to the *Globe and Mail*, amounted to over \$150 billion. So the banks play a decisive role in all the economic activities of Canadian corporations and Canadian citizens.

We in this party feel very strongly that the chartered banks, or at least the five largest, already have an inordinate degree of power and that the Bank Act amendments which the government proposes to bring forward, and which it is now postponing, would have increased the powers of the banks still further, allowing them into new areas previously forbidden to them, and offering them many new possibilities for expanding profits and power. At the same time the near-banks such as the credit unions, the caisses populaires, and the trust companies would have found the bill imposing new restrictions upon their activities. We believe that the bank bill, when it is brought forward, should do the reverse—that it should encour-

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age competition by giving more power to the credit unions, the caisses populaires, and the trust companies.

The proposals which the government included in its draft bank act were supposed to promote competition. It is our feeling that the result would have been just the opposite, that there would have been even more concentration than there is at the present time. The plain fact is that promoting competition between institutions of grossly unequal size simply allows the dominant institutions to take over the smaller ones. The record proves that this is what happens. If the Minister of Finance is really serious about increasing competition in the financial system, we would like him to take up the suggestion made at the finance ministers' meeting last month, that is, to set up a monitoring system to track the distribution of market power in the financial world and, if there is evidence of concentration, to take action to correct it.

We challenge the minister to look closely at the level of profits the banks have made over the past decade and to tell the Canadian people if he believes this is in the best public interest. If, as we think, the banks have made too much money in recent years, the government should be proposing measures to control profits and interest rates. Yet there is nothing in the Bank Act as it was drafted which addresses itself to this issue.

We believe the Minister of Finance should ask himself whether the big banks have been responsive in the last ten years to the real economic needs of this country. According to a narrow definition, one might say that economic efficiency is maximized when market forces concentrate investment in shopping centres and office space in big cities at the expense of investment in low cost housing, small business, and development in the more isolated regions. There is all kinds of evidence that banks have been leaders in the concentration of the business community in this country in the high growth areas of southern Ontario and British Columbia to the detriment of slow growth areas in eastern Quebec, the Atlantic provinces and Manitoba. Governments at all levels should be taking a more active role in deciding investment priorities. That is what governments do in such countries as Norway, Sweden, and West Germany.

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The federal government has not done that kind of investment planning in co-operation with the banks. That is one reason why this country has economic difficulties and unemployment. Disparities between the high growth and low growth regions of Canada have been increasing rather than decreasing, which has been the supposed objective of the federal government for the past ten years.

When it brought forward the Bank Act, we were disappointed that it limited participation of provincial governments in regional banks. It seemed to penalize co-operative institutions such as credit unions and caisses populaires. By and large, these institutions grew up to serve local and regional needs with which the big banks could not be bothered. They are an essential part of our financial system, particularly for those who are increasingly turning to the credit unions and caisses