

Government Orders

Who has the deep pockets? Montreal Trust Co., which is owned by Bell Canada Enterprises. Have you got that picture? The one it is vying for is Central Guaranty. What happens? They both go and see a matchmaker. Central Guaranty wants to be bailed out. Montreal Trust wants to bail them out. Therefore, they go to the matchmaker, Michael Mackenzie, no longer the orchestra conductor but the matchmaker. He tries to make a match but something happens and it falls through. Why?

These are the words of Central Guaranty officials: "Central Guaranty officials say that the no quarter given bargaining tactics of Montreal Trust Co. left their board with no alternative". They found somebody else. You will see in a minute who they found.

"They were incredibly greedy. They wanted to steal the company", a Central official said. They bet that they were the only guys bidding and they lost. The article says: "Mr. Mackenzie is believed to have played a large behind the scenes role in the dealing that led up to Central Guaranty's branch sale". Guess who sneaked into the bedroom in the dark, grabbed the family jewels and took off? The National Bank of Canada. It took off with \$3.5 billion in healthy loans and deposits and left all of the junk behind. I wonder who will pick that up. The bad loans, the non-performing loans, all the other things you cannot get a return on are left behind. I wonder who will pick it up.

These bills now see the Superintendent of Financial Institutions in a new role, not as orchestra conductor but actually as a matchmaker, trying to merge the weak with the strong.

It even gets to the point where all of these activities are very secretive. One would think that the Superintendent of Financial Institutions is really performing a job for the Canadian taxpayer. However, when the Superintendent of Financial Institutions claims the fifth amendment and refuses to testify before the OSC hearings you have to wonder what is going on. This is not a transparent system any more. These bills being passed into law will make it all the more ravenous.

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What was the government's view of this reform? Why is it bringing it in? What were its goals with this? An information sheet on September 27, 1990 said that the

purpose of this legislation was to benefit consumers by increasing competition and the spectrum of services offered by financial institutions.

Reading between the lines it says that you have to build bigger financial institutions, sumo wrestlers of financial institutions, that can compete abroad.

The second purpose of the legislation was to enhance protection for the depositors and policy holders. What does that mean? The translation is knock down the pillars, deregulate.

The third purpose was to strengthen the ability of Canadian financial institutions to compete at home and abroad by giving them new opportunities for growth.

We just saw that in the Royal Bank's latest statement on earnings. Take a look at it. Take a very good hard look at it. The Royal Bank has about \$27 billion of assets internationally, and receives a return on assets of 1.52 per cent. It has \$102 billion in domestic assets and receives a return of .55 per cent. Their return on equity on their foreign assets is 1.52 per cent and on their domestic assets is .55 per cent.

That is very important when you think about it. They want to become sumo wrestlers because there is more to be earned, and of course we do all the processing here at home. That is what we read between the lines.

The fourth purpose is to lay the groundwork for discussion with the provinces on harmonizing the regulations on supervision of financial institutions.

Read between the lines. That translates into relaxing business powers and ownership rules to the lowest common denominator. There is nothing to beef up the rules and say to the provinces: "Now you conform to the federal rules. Go up to the highest common factor". The government said: "No, we'll go down to the lowest common denominator". In these bills we have watered down our wine. We have not shown any leadership in Canada on the whole question of trying to get the provinces to harmonize with the tougher regulatory powers that should be at the federal level.

How do we New Democrats view reform of financial institutions? We have two aims and objectives in mind. First, the solvency of our financial firms and, second, the