

Now I come to the question of incorporation. Until now it has been necessary to incorporate through a private bill. In many instances that is tough, but let me assure you that in the case of the Continental Bank, which is IEC's application, thank God it had to go through the sieve in the Commons committee. Our friends across the way, on the recommendation of the then inspector general of banks, allowed this through, with which I disagreed, and I am not recognized as a leftwinger in this House—

**Some hon. Members:** Oh, oh!

**Mr. Lambert:** I found some things in that application that were absolutely repulsive, such as, for instance, that four directors of the Royal Bank were going to be directors of the Continental Bank. There was a whole bunch of things. Of course we sent them peddling their fish very quickly. My colleague from Nova Scotia says I must not peddle fish. The act was cleaned up, and I am glad to say that the Continental Bank is well launched today and in operation. I wish it every success in the world.

● (2050)

That pointed out the validity of an examination of the explanation by the Commons committee. If it had been passed merely on the examination by the Inspector General of Banks of the day with a recommendation to somebody, as he recommended to our colleagues in the Senate, we would have ended up with a Frankenstein monster.

It is now proposed that the letters patent route shall be used involving the Department of the Secretary of State and then the Inspector General of Banks. However, anybody and everybody can comment on such an application, but the Inspector General is not authorized to hold public hearings to obtain the pros and cons.

Any branch of the public service is the creation of legislation and holds only those powers granted to it by statute. The Inspector General cannot hold public hearings on the application of a bank. Anyone could comment, make smears, or we could even have an application such as the original Continental Bank application, yet the Inspector General has no power to receive representations in making an examination.

My colleagues on this side of the House and a sufficient number from the government side agreed with me on this point and we made such a recommendation in our committee report. Lo and behold, that has been one of the most sterile recommendations made.

The Inspector General of Banks must have the power to hold public hearings and to examine representations being made in respect of the incorporation of any bank, and in respect of the registration of any foreign bank. Surely that is fundamental. I can assure you, Mr. Minister, if my colleagues and I do not get our way in this regard, the passage of this bill will be a lot slower. We insist that there shall be the right of public examination, as we had under the parliamentary route, and we insist that there shall not be the quiet bureaucratic route.

### *Bank Act*

The present Inspector General might well be the man who would want to do this the most, but he does not have the power to do so. His powers are defined by statute, and if the power is not defined there he cannot do it. I see the minister nodding his head and I assume he has taken note of my point. I would commend it to him as I am sure we are going to hear a great deal more in the future about the incorporation of banks.

I do not want to talk at length about co-operatives, as my colleague from Winnipeg will do so, but there are certain restrictions imposed upon co-operatives. I do not think that co-operatives today, whether combined or in any other form, should have the right to have directors on the board of a bank. The members of any other financial institution do not have that right to be directors of a bank.

The committee made recommendations to tidy up this aspect of the act. I hope to meet with representatives of co-operative societies in the next few days. I hope they do not misunderstand my point of view in this regard. I want to treat co-operatives as mature financial institutions, which they are. If they want to participate in the Canadian Payments Association, along with the big boys, they are going to behave like big boys. They insist that bank directors shall not be directors of trust or mortgage companies. The same should apply to directors of co-operative federations. Co-operative federations are financial organizations and their members cannot be directors of banks. What special status do they claim? Certainly the director of a federally incorporated trust company cannot be a director of a bank, and I agree with that principle. That must also be so in respect of the directors of co-operative federations such as caisses populaires and credit unions.

I have another bone that sticks in my craw. Why must Le Mouvement Desjardins own 25 per cent, or perhaps 27 per cent, of the share capital of the Banque Provinciale, when no other shareholder in the world is allowed to own more than 10 per cent of the shares of any of our chartered banks?

The bill provides for a grandfather clause. I would go much further than the hon. member on the other side on a personal basis. I do not want a grandfather clause. Le Mouvement Desjardins must be subject to the same treatment as the Dutch bank and the Mercantile. They should reduce their interest over a period of years because we cannot have this type of situation.

[*Translation*]

What does that mean now, the Mouvement Desjardins in the new National Bank? I am not familiar with the distribution of shares but what does their proportion of 25 per cent to 27 per cent and here I am not entirely certain about their share in the Banque Provinciale—what does it mean, “in the National Bank?” Remember the National Bank is no longer the Banque Provinciale active only in Quebec but perhaps the bordering areas of Ontario, but in my riding there are branches of the National Bank which eventually would have reopened links with the French-speaking communities in our western cities for the former Bank Canadian National. So, Mr. Speaker, we need to have justice here. I said justice—no, rather equality. In