

Bank Act

Payments Association is going ahead and that the *caisse populaire* and credit union movement will finally be able to compete a little more fairly with our chartered banks. But I find it ironic that the other two methods the minister described as encouraging competition are the banks engaging in leasing and factored activities, and foreign banks. I suggest that the competition in leasing will last for about two years; then it will be over because the banks will have taken it over.

I should like to refer briefly to a couple of meetings which I have had with the hon. member for Hamilton Mountain (Mr. Deans), the hon. member for Kamloops-Shuswap (Mr. Riis), representatives of the automobile dealers and other people engaged in the leasing business, and of course the bank subsidiaries that are interested in getting into the business. All members of Parliament received a letter from the Canadian Bankers' Association, that well-known eleemosynary institution, a charitable foundation. It was from a Mr. Mackintosh who is a very distinguished man and very able spokesman on behalf of the banking community. The thrust of the letter was that the automobile dealer should not be upset because the banks are not interested in getting into automobile leasing, maintenance and servicing. He said that the banks cannot perform such services by law, nor do they intend to get involved in servicing automobiles.

I should like to refer to another letter which was sent to an automobile dealer in Dartmouth, Nova Scotia, from RoyLease Ltd. As the minister may know, RoyLease is a subsidiary of the Royal Bank which is engaged in the leasing business. The letter indicated that in an effort to provide their clients with an effective leasing portfolio, they are developing a maintenance program.

Another letter indicated that all of the client representatives of RoyLease will be issued a Visa national account credit card. It indicated that this will be in the form of a regular Visa card with a RoyLease sticker on the right side of the white band. It requested that upon presentation of the Visa card they allow a 20 per cent discount on parts and a 10 per cent discount on labour to be applied to the driver's bill. If that is not getting involved in the maintenance and servicing of cars and using their market leverage in order to impose their will on a dealer, I do not know what is. That is exactly what has happened; that is exactly what is going on. That is a question which must be resolved in committee.

Unless we deal with that problem there is no question that the banks will use their market power to exercise leverage over automobile dealers and over the small dealers in Canada, some 4,000 of them, and they will be putting those dealers out of business in very short order. Now, that is the bank's definition of competition. They say that they can provide a better service, just as they did in 1967 with consumer loans. But there is another public interest involved here and that is whether we want the banks to be the ones that can control the leasing business in Canada. There is no question that they can do it, if they put their minds to it, in very short order. This is a question which must be discussed at committee stage.

Also there is the question of the involvement of banks in computer services. I am sure the minister is aware of the case currently before the Supreme Court of Canada involving Central Computer Services Ltd., Comcheq Services Limited and the Toronto-Dominion Bank. That case was one that involved these firms saying that the bank was not engaged in the business of banking under the 1967 act but was engaged in computer and payroll activity which was outside the realm of banking.

Of course, we will have to wait for a decision from the Supreme Court, but let me suggest that this is a very critical question. It may not be adequate for the government to say that it will not provide a definition of banking in this legislation because banking is what bankers do. In effect, that was the decision of the majority of the Manitoba Court of Appeal which threw out the application for an injunction from the computer companies once that application had been granted a trial. It was thrown out because they said that the essential definition of banking is whatever bankers do. What bankers do is banking, and if bankers engage in payroll activity or in extensive use of computer services, then that is their role in the future. The same thing could apply to auto repairs, and the same thing could apply to a lot of other areas. You have to look at banks here in terms of their relationships with these businesses.

● (1730)

These businesses are going to the banks for their own financing while the banks, at the same time, are engaged in activities which are directly competitive with those small businesses. This is not really competition; it is like comparing a butterfly and a steamroller. There is no comparison.

The government will have to look very hard and carefully, and may, indeed, have to look again in committee, at the question of whether we have provided in the act, not just in the regulations but in the act itself, adequate protection for those sections and sectors of the business community we feel deserve to be protected from the monolithic power of competition from the banks.

Let us not in the name of competition eradicate competition, because competition is something that can only be protected in some cases if we limit the market power of quasi-monopolistic institutions such as chartered banks. I suggest that allowing the chartered banks to get into some fields of activity may in fact lead not to competition, except on a very temporary basis, but, over the next ten years, to an even greater concentration of activity in their hands.

There are three other points I want to make, Mr. Speaker, before I close. First of all, we deeply regret the decision of the government to, in a sense, double-track its earlier decision on the question of bank directors. We agreed very much with the decision, or the recommendation, of the Royal Commission on Corporate Concentration, the thrust of which was to reduce the requirement that directors ought to be shareholders. We are very concerned about the fact that the government has backtracked on its original decision. We know it was subject to