

Statements by Ministers

The Liberal members of the Finance Committee issued a separate report in which we stated: "... we do not believe that financial activities and non-financial activities should be combined".

In the course of the committee's work last fall, when the merger of Canada Trust and Canada Permanent Trust was in the works, the committee specifically recommended that the Government not approve this merger until such time as there is an ownership policy in place. However, the Government chose not to act on that recommendation. Of course, the decision to allow that merger contributed directly to the situation which we have before us today.

Genstar Corporation owned Canada Permanent Trust. It then acquired Canada Trust against the Finance Committee's recommendation, giving it Canada's biggest trust company. That is the main reason for Imasco's interest in this takeover.

The Minister properly says in her statement that the Government's responsibility is to protect the public interest in the financial sector. In effect, the Minister has now chosen to move to protect that interest by requiring certain commitments of Imasco rather than by blocking the merger. The Government really had no choice in this matter. Since the Genstar takeover was not blocked it would be illogical now to block the Imasco one.

The precautions against self-dealing required by the Minister, and on which she has reached agreement, are reasonable. There is to be no self-dealing and no interlocking boards. Imasco undertakes not to acquire control of any other financial service corporations. Since Imasco has a very good reputation, this type of agreement which used to be called a "gentleman's agreement" will probably work very well in this case. But we are still left with the fact that the Government has not yet produced an ownership policy.

Bill C-103, to which the Minister referred in her statement, leaves a tremendous amount of power to ministerial discretion. In the public interest, the Minister can block certain transactions or require divesting. But the conditions are not spelled out. Granted that the Minister is competent, and we would expect her to use good judgment, but a system which leaves so much to ministerial discretion is not a system which anyone would want to see in place.

Bill C-103 will have to be amended. There will have to be a great many amendments made to it in order to put some clear conditions in place. The end result is that Imasco has undertaken to acknowledge the powers of Bill C-103 without knowing what these powers will be and without knowing what type of divestiture may be required in future legislation.

The Minister says that she recognizes the Government's obligation to put in place a new framework for regulation of the financial sector. However, the Government has moved slowly in that respect. I would remind the House that prior to 1984 the previous Minister of State for Finance put in place a consultation system on which the present Minister poured

scorn when she took office. Thus she decided to rediscover the wheel.

The Acting Speaker (Mr. Paproski): I regret to interrupt the Hon. Member but her time has expired. Each Party had seven minutes in which to reply.

Mr. Lewis: Mr. Speaker, I am sure Hon. Members would be prepared to grant to the Hon. Member for Trinity (Miss Nicholson) whatever time is necessary for her to complete her response.

The Acting Speaker (Mr. Paproski): Is it agreed?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Paproski): The Hon. Member for Trinity (Miss Nicholson).

Miss Nicholson (Trinity): Mr. Speaker, I appreciate the courtesy of the House. I will not abuse it. I will finish my remarks quickly.

While the Minister points out risks in forcing the process to a premature end, I do not think this is the risk we are facing. The risk is in not acting firmly enough since the rate of takeovers has been escalating in recent years. Indeed, as one of the Minister's own colleagues said, we are faced with a situation of trying to unscramble eggs or trying to get the toothpaste back into the tube. So while the Minister says it is important to move in a considered way and not to be too rushed in terms of further legislation, may I say that our concern is that the time for the new legislation is now. It is important to get Bill C-103 in place, with some amendments. It is also important to move on establishing a clear ownership policy, not only so that Imasco will know where it is at but so that all Canadians will know where they stand.

I particularly wish to emphasize that legislation which relies so much on ministerial discretion will need to be replaced by legislation with clear standards.

The Acting Speaker (Mr. Paproski): The Hon. Member for Kamloops—Shuswap (Mr. Riis).

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, over the last few weeks we have seen a major game being played in the country involving large conglomerates wanting the right to own their own bank. They want to own their own major financial institution, to buy the money power against the security of the depositors, and, really, the people of Canada. Today, the Minister of State for Finance (Mrs. McDougall) has announced the winner of that contest. It is, of course, the large conglomerates which are now being given the go-ahead to purchase their own bank. They are being given the go-ahead to go out and purchase their own trust company.

When the Minister was forced to make a decision between the giant corporation, Imasco, and the security of the depositors of Canada Trust, she said she would give the benefit of the doubt to Imasco. It is a serious situation which occurred in the