

Financial Institutions

Not only are the regulations not ready yet, and there has been a federal-provincial conference on the monitoring and control of financial institutions, especially as far as securities brokers are concerned, but we shall now have two types of regulations. When a Canadian bank decides to open a securities brokerage service as part of its operations, this will come under the jurisdiction of the Minister of Finance.

If the same institution decides to own or purchase a subsidiary corporation, this will come under provincial jurisdiction. As though this was not sufficiently complicated, there will now be a conflict with Ontario and the other Canadian provinces about how these financial institutions will be regulated.

The provisions contained in Sections 2, 12 and so on, which allow insurance, loan and trust companies to the purchase securities brokerage firms, have been put together without any negotiation with other countries. No reciprocity agreement has been negotiated with the United States.

The Minister of International Trade (Miss Carney) and Ambassador Reisman are now negotiating with the United States. There has yet been no agreement in these free trade negotiations; nevertheless, the Minister of State for Finance has already introduced Bill C-56 which will allow any American firm to purchase such Canadian firms as Nesbitt Thomson, Burns Fry and Dominion Securities. As there is no reciprocity, if a Canadian bank purchases control of a firm such as Nesbitt Thomson or Wood Gundy with operations in the United States, the bank will have to cease its operations in the United States because the Steagall Act, which is still in force in the United States and not about to be amended, prohibits the banks from having investment operations in the United States at the same time as regular banking operations.

No reciprocity has been negotiated and the whole Canadian market is made wide open to the United States. Moreover, the market is open to non-banking financial institutions. Of course, if an insurance company buys the control of Wood Gundy, that has no impact on the activities in the United States. But if the Royal Bank buys it, the Royal Bank has to stop operating in the United States. There is no reciprocity between banks, and we will allow that two Canadian corporations, either a bank, an insurance corporation, a trust company, a loans company be treated differently if they bought the control of stock brokers.

That kind of policy makes no sense, Madam Speaker. I said so to the Minister in committee, and I will repeat it once more for conscience sake, and I wish all Conservative Members in this House could know the real impact of that legislation. The Minister is impatient because I am taking my few minutes. But it will not be said that as a Member in this House and as one who worked in financial institutions I will let Bill C-56 pass without at least calling the attention of Canadians and Hon. Members on a legislation that makes no sense. And if you could only see, Madam Speaker, the kind of powers this legislation is giving the Minister, or at least the kind of powers he sought to have! Financial institutions in Canada, and

fortunately the work done by my colleague for Trinity and a few others convinced the Minister at least to withdraw Clauses 10, 41, 52 on business ownership.

Financial institutions in Canada, had the Minister of State for Finance have his way, would have been regulated from the office of the Minister of State for Finance. So much for a Conservative Government which supposedly supports private enterprise. He would have been bigger than a czar, because he wanted control over any transactions by firms in the United States or China involving shares of a company because more than 10 per cent of the shares of that company was owned by the Caisse de dépôts et placement or the Canadian National Pension Fund.

I don't know who in the Department of Finance does the planning or drafts legislation concerning financial institutions, but I never saw such irresponsibility both as to form and substance. And I tell the Minister of State for Finance that the impact of the Bill that will pass on division, in order to save time—we oppose the legislation because of the clauses I pointed to—will have significant impact on business concentration, business regulation and on Canada's political sovereignty and its ability to give a direction to its financial institutions, because in an area as important as stock brokerage, we are moving fast to 100 per cent foreign ownership, and I oppose that trend in the legislation. I would like to tell Members in this House that the impact of the Bill is far-reaching, it appears negative to me, it seems to be contrary to Canada's long term interests and the independence of our financial institutions. They suggest that kind of deregulation will allow our corporations to expand, but the expansion will not occur in our corporations, Madam Speaker, it will happen, in the foreign corporations that will be taking us over. When Nomura will buy a controlling interest in a major corporation, when Shearson Lehman or Merrill Lynch or somebody else will purchase our major firms, when the new owner of Wood Gundy or Nesbitt Thomson will be Nomura or Shearson Lehman or a top German firm, Madam Speaker, do you think that they are going to move their decision making centres from Germany, Japan, New York or London to Montreal, Toronto or Vancouver? We will become subsidiaries of these financial institutions, and instead of developing in the area of brokerage or financial mediation, Canada will become subservient to foreign countries. I just cannot accept that. I want to say so at least once before the Conservative majority seriously jeopardizes the independence and sovereignty of our country.

Mr. Kindy: Madam Speaker, I have listened to the speech made by the financial critic of the Liberal Party. I think he raised a number of points which are certainly very interesting. The fact is, however, that although he says that this Bill has neither head nor tail, he will allow the House to adopt it, for it goes without saying that it will adopt it today. I have a question for him: If he objects so much to Canada being sold to the Japanese, the Americans or the Hong Kong people, how