are nominees of management. It is somewhat as though the last federal election had not been run from the office of the chief electoral officer but instead from 251 Cooper Street with only one polling station, naturally at 251 Cooper Street. The vote would be cast there by persons named by the national director of the Liberal federation on the basis of voting papers sent out, naturally, by our national director from 251 Cooper Street. If we could run our elections like that I do not think we would have much trouble in getting a working majority. Yet that is the method by which the men are elected who control these great corporations which in turn control billions of dollars of our money. This is a vital problem which applies not only to our chartered banks but to our great insurance companies and other great financial institutions, indeed, to all corporations where voting rights are widely distributed.

This bill will prevent any single group of shareholders from controlling the election of directors. Under present election methods this means that management becomes self-perpetuating and responsible only to itself. Clearly this is not a healthy situation. Making really effective the right of shareholders to elect directors who will be truly representative of the shareholders is a problem which must be faced in the next decennial revision of the Bank Act. Perhaps elections will have to be run from the office of the inspector general of banks. The banks will not like this and possibly the inspector general of banks will not like it either. Perhaps provision will have to be made for regional meetings to elect regional directors or for the election of delegates to attend the annual meeting, with reasonable expenses of attendance being paid from corporate funds. The problem is not dealt with in the present bill.

In present circumstances surely it is entirely clear that the chartered banks must make the most complete and frank disclosure to the public of their financial affairs and their operations. Past legislation has permitted the banks to be secretive. They have set up hidden reserves which make it impossible even for experienced analysts to understand fully their operations. This bill will stop this practice. The banks must disclose their reserves and the results of their operations. The public is entitled to complete disclosure. We think the bill goes far in guaranteeing this. If experience shows it does not go far enough then further legislation will be necessary.

[Mr. Wahn.]

• (5:30 p.m.)

There are a large number of other recommendations of the Porter commission which have been carried into the bill, Mr. Chairman, but time does not permit my dealing with them all. I wish to say a word about the relaxing and ultimate removal of the 6 per cent interest ceiling. This must be recognized as being a bold step in view of the limited amount of rate competition in Canadian banking. The alternative would have been to retain power in the governor in council to reimpose controls if the chartered banks took advantage of this newfound freedom.

Personally I think this might have been a rather good idea. Experience has shown, however, that the chartered banks have not charged all the traffic will bear in the past. If they do abuse their freedom in future I think public indignation will be such that the chartered banks will realize that they are simply inviting more restrictive legislation. Nevertheless we must recognize that the effect of relaxing or removing the interest ceiling will be an average increase in interest rates. I sincerely hope, Mr. Chairman, that the banks will pass on part of the increased profits from such increases in interest rates to their depositors.

A great deal has been done in this bill to give effect to the central recommendations of the Porter commission. This is a good bill, deserving the support of the house.

Mr. Flemming: Mr. Chairman, in making some observations on the decennial revisions of the Bank Act I do not propose to go over every detail of every consideration brought before the committee. We held many meetings and many learned men in the banking profession and in the federal supervisory field, as well as persons occupying prominent and influential positions, appeared before us. It must be remembered that we were engaged in the business of revising the charters under which the banks will operate for the next ten years. That revision was done in the light of deficiencies which became apparent to us in our study of the situation. We also attempted to impose changes in the new bill. Such amendments as were made are in the bill as it has been presented to us.

It seems to me that we should not allow the charters of the banks to expire. The act under which they now operate expires at the end of the month, I believe. I do not know why parliament should not make a terrific attempt to finalize things so that the banks may operate as of April 1 under the new act. We must