

Bank of Canada Act

minister, and hearing the minister's case, as to why it is desired to operate in this way. We have not had that opportunity to the present time because discussion was forestalled by the explanation given when the amendment was introduced.

As to the method of procedure, I appreciate that it would be unacceptable to the government, because of the timetable and the timing situation that now faces us, to refer the bill back to the committee because we have to get it through the house. I have strong criticism of the government in this connection because it is their responsibility; but this is the situation we are in and the welfare of the banking system and financial institutions of this country require that we now reach a decision. So I am not suggesting that the bill be referred back, or even that the clause be referred back to the committee. I am suggesting that the subject matter of the relevant section in the Bank of Canada Act and the relevant section in the Bank Act be referred to the committee for consideration, so they may hear representations and may then again report to the house.

This would not take the bill or any portion thereof out of the jurisdiction of this committee of the whole. It could be proceeded with without delay. The only other objection I can see the minister making—and he referred to it this morning—is that it would be difficult for hon. members to sit in committee of the whole on the bill, if they were sitting in the standing committee considering the subject matter of these two sections as I have suggested. But I think that difficulty can be resolved very simply. It should not take us very long to complete our reconsideration and the hearing of evidence on these two very isolated sections. The principle is clear. I would think we could dispose of this matter in two sittings. The committee might well sit at eleven o'clock in the morning one day and eleven o'clock in the morning another day when the house does not meet until 2.30 in the afternoon.

I am quite sure that even with the greatest optimism the minister does not think he will get his legislation through the house in less than two days. Therefore we will not have prejudiced the consideration of the legislation in committee of the whole. We would have completed our reconsideration of the subject matter of these two sections in the standing committee and could then report back to the house and incorporate that report in the overall consideration of the bill, without prejudice

to the progress of this legislation through committee of the whole and third reading in the house.

• (4:30 p.m.)

I therefore urge the minister very strongly to introduce without delay on Monday morning a motion having the effect of referring the subject matters of these two clauses back to the standing committee on finance, trade and economic affairs.

When the minister replies to my suggestions I would also like him to deal with the effect of the amended section 72 in the Bank Act and the related clause in the Bank of Canada Act, and to tell us which statement of intention represents government policy. I do not wish to embarrass the officials, they are both excellent men with excellent records of service to parliament and to the country. But the fact is that they have given diametrically opposite explanations of the way in which this section will work. Perhaps the minister can reconcile them. He is even more ingenious than I give him credit for, but perhaps in giving his explanation he will remove some of the real concern that I have.

I think I have taken enough time of the committee at this stage, and I would appreciate it if the minister would deal with the matter now.

Mr. Sharp: Mr. Chairman, two separate questions have been raised by the hon. member for Kamloops. One of them relates to clause 9 (5) of the bill that is now before us, the clause which deals with secondary reserves. Then he has raised a question quite legitimately I believe in connection with clause 72 of the bill that will amend the Bank Act, the clause which deals with the determination of cash balances.

I submit in the first place that these two matters are not sufficiently closely related to have to be considered together. Later I will explain why clause 9 (5) is in its present form and the purpose of that subclause. But first let me deal with the obvious conflict between the testimony given by Mr. Elderkin and the letter written by the governor of the Bank of Canada to the general manager of each of the chartered banks. This matter was brought to my attention just the other day; I had not been aware of this conflict previously. There is no doubt that there is a genuine conflict of presentation. The governor of the Bank of Canada in proposing this change in the determination of cash reserves had originally proposed, and this had been included in Bill