is: By following these rules we are going to make absolutely certain that the banks will be able to pay back the depositors' money. However, this is not the problem which will be facing us in the next 10, 15 or 20 years. We already have depositors' insurance, and that is an easy solution.

The object of the legislation should be to make the banks efficient and to allow them to give credit, with a calculated risk, so that our industries and our people can borrow to buy and expand their industrial potential, and indeed if necessary to buy other shares and other equities from foreign owned institutions. This bill does not do this. It is merely a coating of pieces of reforms on an act which was never intended to fulfil the function which all our banks now have to fulfil.

An argument was advanced at one time that banks could not take all these risks because their interest was limited. We have solved this. But having recommended a free interest rate over a period of time we have not changed the act as yet, or brought in any reforms which will give us protection and an ability to carry on the banking business in an efficient manner.

What changes in the bill could have been made in the committee to make it function as a good instrument of banking? I could suggest several changes, but first I should like to draw attention to what the hon. member for St. Paul's has said. He has given us a great deal of information regarding the directors and the managerial staff of our banks, and how they function. I want to suggest that I do not agree with all he said. The directors of the banks are not themselves bankers, and we all know this. They are gentlemen from all walks of life. They come from the right families and they are definitely in the establishment. Their main concern is to make no mistakes which might reflect on their good name. They do not make a living from the bank. They know nothing about banking. They do manage to scrape a few thousand dollars together on subscriptions of shares. The banks are closely interrelated with heavy industries. The directors can borrow money from the banks or from their companies, and they make their money through the share structure of different corporations, including the issuance of shares from banks. Their main concern is to have a place in all of these banks and in all the financial institutions.

I believe that if one were to refer to the press reporter's book, "The Vertical Mosaic" he would gain an insight into the ways in which the establishment really functions in our economic society. This is not banking. Indeed if those directors had to rely for their living on the bank, they would inevitably make the bank more efficient. From time to time the management and the advisory staff of the banks make recommendations for certain changes in policy. I recall hearing the president of a bank say that he has one job to do, and that is to take the advice of the management and then try to sell it to the board of directors. I asked what was the secret of his success, and he said. "If I can get 10 per cent of those recommendations approved by the board of directors I am very lucky because the directors are not that keen on improving the banking system." This is where the fault lies. Can anyone suggest that Mr. Rockefeller and Citibank would move into Canada if the Canadian banking system were efficient and competitive? We have thousands of branches of banks. We have more bank branches probably than churches. Why would he come in here? He is not a fool. The reason he wants to come is that he knows our banks are not doing the job, and that is why he can make a dollar at it. I have no objection to that.

• (8:40 p.m.)

This bill does not improve the banking position, nor will it make the banks more competitive. I notice the bill continues the same old provision with regard to proxies. The hon. member for St. Paul's mentioned this. He said that the directors are self-appointed; and so they are. I would have thought the minister or the finance committee would have introduced a clause into this bill to prevent the directors from sending out proxies. In other words the directors should send them out at their own expense and not at the expense of the bank. If there are millions of shareholders, it is a very expensive business to send out proxies in order to try to get votes. When the banks send them out at the bank's expense, the directors will continually be the directors.

If I read the bill correctly I find that if I wanted a list of the shareholders of the bank I would get a list that was four months old. In four months almost anything can happen to the shareholders. They may be all over the place by this time. This is not the type of bill I would have thought would have been presented. There is nothing in it about the near banks. I would like to know how anyone can say that this bill is going to make the banks more competitive in any way whatever.

I did not intend to dwell too long on the question of nationalism or foreign control.