

Canada Deposit Insurance Corp.

particular, will become confused. It is imperative that the fullest possible consultation should take place with the provincial governments, who at this time are responsible for the incorporation of many of the institutions operating within the provinces in the field of deposit-acceptance, and that there must also be consultation with the institutions themselves.

At this stage, as far as the resolution is concerned, I feel we can give our support to the legislation while reserving the right to comment in detail on those aspects which I, and others, have raised. We shall await the bill with anticipation. But as we formulate laws designed to control financial institutions, and as the government formulates policy designed not only to direct those institutions but to direct the whole economy, it is imperative that we should understand the basis upon which the banking system operates and appreciate our responsibility for ensuring that the laws we pass and the policy we lay down are such as to enable the system to operate for the good of the Canadian people.

Production has no other purpose than distribution, and it is the responsibility of our federal banking system to facilitate this process of distribution while at the same time affording the necessary opportunity for saving, and making provision for the security of those who make funds available to be held in trust.

Mr. Fulton: I realize it is probably the desire to pass this resolution tonight, and therefore I shall speak only briefly.

In addition to supporting most strongly what has been said by my hon. friend from Edmonton West, the hon. member for Greenwood and others, I wish to raise one other matter for the consideration of the minister. To deal briefly with what hon. members preceding me have said, I wish to add my objection to the idea that in this legislation not only is there a question as to whether it is right to suggest that the federal government does not have jurisdiction, but I think it is extremely wrong in principle, if we are to proceed in this way and make this scheme voluntary as though we were not certain we had jurisdiction, to say that adherence to it on the part of the trust and loan companies can only become effective if the provinces consent—that is to say, in the case of corporations or financial institutions which are incorporated provincially.

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Surely this is a very wrong thing to do in principle, because not only does it raise the question of whether we have the right to legislate directly and, as it were, compulsorily in this field but it seems to me to go further and say we have not the right even to enter into the field unless the provinces consent. This is entirely unacceptable. I suggest to the minister that he should consider seriously amending this legislation. If he does not think he can go further than a voluntary scheme, leave it voluntary, but remove the provision which would require provincial consent in the case of provincially incorporated companies.

The other point with which I should like to deal particularly concerns the interesting statement which the minister made that the Deposit Insurance Corporation will also act as a lender of last resort. I think this is a valuable part of the scheme and I urge the minister strongly to carry the idea one step further. By way of background to my suggestion I should like to say that this whole discussion arises out of the recognition that there is insufficient control and inspection of large numbers of institutions operating in the financial field and this bill, whether it is an adequate device or not, is, nevertheless, a device for attracting, as it were, under the umbrella of federal control and inspection financial institutions in the deposit-taking field which are not under that control and inspection at the moment.

The minister has reservations about his power to compel them to come in, so he is trying to attract them in. Leaving aside my criticism that he is challenging the authority of the federal government by saying they can only come in if the province consents, the idea is a sound one and I am sure it has support in all parts of the house. We recognize that control is desirable and, indeed, essential in the financial field, and certainly the events of the past twelve months or so have demonstrated beyond doubt the need for a greater degree of inspection and control over these institutions. Nevertheless the deposit insurance scheme will not in fact cover one very important segment of these institutions, that is, the finance and loan companies which are not in the business of taking deposits. These unfortunately, are the type of company with respect to which the failures have occurred in the last 12 months, failures which have caused such great concern, not just because of the amount of the losses or of the defalcations involved in two particular instances—although, of course, concern is felt in respect of the loss by the noteholders—but also a very real concern as to how many more of these failures