

Canada Deposit Insurance Corp.

Bankers Association, and other witnesses who withheld comments about deposit insurance, would then have an opportunity of commenting upon it, in addition to which the minister must appear before the committee and be questioned. He has a case to make for this measure and I think he should make it before the standing committee.

If the government intends to proceed with the bill this session, then it should be referred to the standing committee on finance, trade and economic affairs at the earliest possible opportunity. The minister should consult with the government house leader so that arrangements can be made for this to be done without any delay.

● (4:30 p.m.)

Mr. Sharp: Mr. Chairman, may I say that the government wants to do only what will facilitate very careful consideration and passage of this legislation. If reference of the subject matter of the bill, to the committee, would help in this regard, we would have no particular objection; on the other hand, I would want to be sure that in fact this would help facilitate the passage of the Bank Act itself, which is the first order of priority. I do not agree altogether with what the hon. member said to the effect that this is vital to the passage of the Bank Act. I do believe the committee is quite right in wishing to have a look at the bill to see what the government has in mind, but I am quite sure the Bank Act could be approved without approval of the Canada Deposit Insurance Corporation legislation.

Mr. Lambert: Mr. Chairman, I could not disagree more with the minister in his view that the Bank Act meets the requirements. The Bank Act is only half a loaf so far as the control and examination of the people engaged in banking practices is concerned. From a historical examination we know that the government's position changed in respect of Bill C-102 and Bill C-222 because of the Atlantic Finance fiasco. Now the minister has revised his position because of the Prudential Finance fiasco. Will another fiasco be required next week in order to get the government to agree that the committee might consider this matter in relation to the Bank Act. I do not think the minister really can be serious in proposing that type of thinking.

Now, in respect of the question of deposit insurance, I may say that personally I have grave objections to it. I think this is the wrong way in which to go about this matter. I think it has resulted in a confusion of two sets

of difficulties, and that this has been caused by some emotional panic on the part of the government. First, the government has refused to face up to the fact that—and I have a lot of legal references to this effect—the government has all the authority it wants under the constitution to control banks and banking practices. One has to look only at the B.N.A. Act to see that there is control over banking, control over currency, control over interest, and over many other related matters. These are strictly within the jurisdiction of the Crown of Canada. There is no shared jurisdiction with anybody else. In fact I would say that if there now are some near-banks which are engaged in banking practices, this is because they have moved into a vacuum by default. If the provincial governments say that they now have the right of control over near-banks within their jurisdictions merely because they have incorporated these organizations and merely because they have been present at the engendering of these corporations, then I think they merely are shouting from the position of squatters' rights; that is all there is to it.

Under the constitution it is clear that the federal government has exclusive jurisdiction over banking. Let any provincial authority shout all it wants: The constitution is clearly set forth. If one wants legal authority, the minister could refer to the case of the Attorney General of Canada v. the Attorney General of Alberta which is a Privy Council case concerning this matter. This is a clear indication that banking is not limited to that as practised in 1867. Banking is a matter of continuing evolution. The government might have amended the Bank Act to provide for a definition of banking—a more flexible definition of banking—so that any corporate entity carrying on banking or banking practices, regardless of its incorporation, must come in under the umbrella of the Bank Act and be subject to the control of the Bank Act and the inspections of the Inspector General of Banks.

To me the matter is very simple; but the government has not faced up to this. The government has said that it now recognizes, for some political reason—and it can be attributed only to political reasons and not to legal or financial control reasons—that the provinces now will be allowed to have something to say with regard to banking and banking practices. The provincially incorporated institutions carrying on banking practices will have the right to adhere voluntarily to this scheme of deposit insurance, provided the provinces consent. Well, this is giving a legal