

*Trust Companies Act*

I am surprised at the hon. member, on the one hand, seeming to be concerned about the lack of sufficient housing in the country and, at the same time, proposing an amendment which would have the effect of killing the bill, one of whose principal purposes is to enable trust companies, a major sector in the mortgage lending field, to continue and hopefully to increase lending for housing purposes.

The hon. member also said something in a critical way about the increased authority the amendments would give to trust companies to provide more services, but these are likely to be principally to their customers, those who place their savings with these trust companies. This authority would have the effect of enabling the trust companies to meet the requests of those customers and thereby maintain an opportunity for obtaining a reasonable share of the savings of Canadians—savings which, as I have said, the trust companies more than almost any other institution invest in mortgages, again with an important emphasis on residential housing.

One should not forget that trust and loan companies in total have several millions of depositors. Obviously a lot of them are Canadians in the more moderate income classes. Trust companies, from the statistics I have seen, do not cater only to the people of the so-called wealthier group.

The hon. member for Waterloo suggested that the trust companies are somehow less under the control of the Bank of Canada in respect of monetary policy than the banks. The Governor of the Bank of Canada, in his testimony before the finance committee several years ago when the massive amendments to the Bank Act were under study, certainly felt then that trust companies were sufficiently subject to the operation of monetary policy as carried out by the Bank of Canada.

It might be useful to place on the record at this time something the governor said when this question came up before the finance committee on November 1, 1966. I am quoting from page 165 of the proceedings of the committee. The governor stated:

I am not particularly conscious at the present time that the existence of near banks has prevented us from pursuing a credit policy which has produced a type of credit conditions which we consider to be appropriate in all the circumstances.

Therefore the short summary of the answer I have given to your question is that, on the side of the monetary policy, though the initial impulse is transmitted through the chartered banking system, that provides a sufficiently broad base to assure the central bank that it can exercise the desired control—the desired influence—over credit conditions.

[Mr. Gray.]

One would certainly want to give all due weight to opinions expressed by the hon. member for Waterloo about financial matters, but it would seem to me when it comes to a question as to whether or not monetary policy does in fact apply in an adequate way to one class of financial institution or another in the country, hon. members might reasonably feel they should give greater weight to the opinion of the Governor of the Bank of Canada.

The hon. member for Waterloo commented about the change proposed in handling of incorporations under this act, inasmuch as charters for new trust companies would be issued by the Minister of Consumer and Corporate Affairs (Mr. Basford) if there is concurrence by the Minister of Finance (Mr. Benson). I would again like to say there would continue to be prior investigation of the application by the Superintendent of Insurance in the same way this takes place at present. The ministers will certainly be responsible to Parliament for their actions in making decisions to issue charters. In doing so, they will be exercising the authority given to them by Parliament if it approves the proposed amendments.

I want to assure hon. members that members of this House will continue to have a number of forums in which to discuss the policy matters of considerable importance to which the hon. member made reference. For example, there will be a regular opportunity for doing so every year when the estimates of the Department of Finance and the Department of Insurance are before the Finance Committee and the House. There will be other opportunities during the consideration of such things as the budget, the throne speech and during special debates on opposition days. Of course, there will continue to be opportunities to discuss particular matters of policy when the government of the day presents amendments in future to these measures, as the government is doing at the present time and as other governments have done in the past.

The hon. member for York East (Mr. Otto) made some interesting comments about some of the clauses of the bill. I think one of the points he raised is likely to be taken care of by an amendment to paragraph 2 of section 64 of the Act because this proposed change is to enable the company to invest trust funds on real estate or leaseholds where the investment exceeds 75 per cent of the value of the real estate, provided that the excess is insured under a policy of mortgage insurance