

Bank of Canada Act

Mr. Trudeau: Would the hon. member allow me a question?

Mr. Grégoire: Certainly, Mr. Chairman.

• (9:50 p.m.)

Mr. Trudeau: Am I to understand that the hon. member for Lapointe thinks chartered banks have a definite role to play and that he does not object to it? He seems to say that the creation of credit allows the banks to use unjustifiable practices with regard to interest. If that is the case, how does he explain the fact that money invested in banks gives about the same return as money invested in industry?

Mr. Grégoire: Yes, of course; money invested in banks gives an even greater return than money invested in industry or in any other field. To ascertain it, if the hon. member for Mount Royal disagrees, he need only see how a Bank of Montreal or a Royal Bank share bought 20 years ago has tripled in value today. Even then, the return on it is still 8 or 9 per cent, but on three times the sum actually invested; no other industry gives such dividends today.

The member for Mount Royal should examine the figures I have been given and he will see the light. But I made no comparison between the yield of bank securities and industrial securities. Where I find the role of the banks justified is where they have the privilege of creating credit and to lend it with interest, while the new credit represents the growth of the country and this is something which does not belong to the banks.

Mr. Chrétien: I have a question for the hon. member. I think the committee would be agreeable to facilitate matters for the hon. member to obtain, if he so wishes, a bank charter in his own name, and then we would see how well he would do.

Mr. Grégoire: Mr. Chairman, I am being egged into political partisanship and chicanery when I am trying to express ideas. If that is the only way the parliamentary secretary can reply to the ideas that are being put forward, it means that he has no argument to counter what is being suggested. And if the hon. Minister of Finance cannot reply himself but has his parliamentary secretary give such answers, it is not worth much, Mr. Chairman. If the Minister of Finance has another question it is up to him to put it

[*English*]

Mr. Sharp: May I ask the hon. gentleman a similar question. Why is there such great difficulty in financing new banks in this country if they are as profitable as suggested by the hon. member?

[*Translation*]

Mr. Grégoire: Mr. Chairman, I do not see that it is so difficult to establish a new bank in Canada. I do not see that it is so difficult. Let the minister tell me what the problems are.

[*English*]

Mr. Sharp: May I remind the hon. gentleman of the testimony that we heard from the Bank of Western Canada, which seems to be having some difficulty in marketing its shares.

[*Translation*]

Mr. Grégoire: Mr. Chairman, the difficulties of the Bank of Western Canada were not due to the lack of funds, but to the fact that too many people wanted to borrow. One had to refuse some of them, as the hon. Minister of Finance knows. Our chief difficulty was that the whole group of British International Finance wanted to borrow from the Bank of Western Canada while the bank authorities did not want to grant them loans. That was the main trouble. It had nothing to do with the banking operations, as the Minister of Finance knows very well. It was only an internal difficulty, and this is what the minister answered to the committee of finance, trade and economic affairs.

But when one tries to discuss and to bring arguments to the minister, he cannot answer. Let the minister answer the arguments I put forward a while ago. Then I will ask the following question:

Why not let the Bank of Canada create the new credit which represents the money supply increase, new credit which will be used to finance public works, instead of letting the chartered banks create such new credit which they lend with interest to individuals?

Why would it not be up to the Bank of Canada to create such new credit, namely the yearly increase, not what already existed formerly, as I was saying a while ago, but the yearly increase in credit? Why would it not be up to the Bank of Canada to create it and to lend it without interest to different