

Statement on Bank Shares

great deal of interest to the statement by the Minister of Finance. I welcome the first part in reference to his proposal to bring in amendments to the Bank Act to control foreign investment in our banks, although I trust they will be more effective than the controls he proposed in respect of insurance and trust companies, about which the committee pointed out shortcomings.

I take very strong exception to the final part of his statement, which proposes to prohibit investment in chartered banks by any provincial governments. I am surprised that the Minister of Finance should be so obviously ignorant of banking techniques in this country that he would suggest for one moment that the ownership of shares in a bank by a provincial government would raise questions of jurisdiction over monetary policy. That is absolute nonsense, and I am sure the minister is aware of that. It is technically impossible for that to take place, and if he is in doubt in that regard I suggest he consult with the governor of the Bank of Canada, who I am sure will disabuse his mind of this nonsense.

The whole tenor of this proposal is designed to prevent the action of the government of my province, for which I hold no brief whatsoever, but on the other hand I certainly resent very much the idea that this government should allocate to itself power over what a provincial government can do with funds that have been entrusted to it for investment in any enterprise whatsoever, be it in a bank or otherwise. Certainly I shall oppose this measure when it comes before us, and I trust that when the minister introduces it and appears before a committee he will be better briefed on the technical aspects and the possible effects of provincial government ownership of shares in chartered banks.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I listened with interest to what the Minister of Finance has just suggested will be the policy of the government respecting ownership of shares of chartered banks in this country. I also agree with the first part of his statement wherein he states he is hopeful that amendments will be brought before a committee of this house early in the new session dealing with a review and revision of the Bank Act. It is well known to the members of this house that it is obligatory upon this house to deal with this situation before the end of June of this year, otherwise a special act of this house will be required to extend the existing charters beyond June 30 of 1965.

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

I agree also to some extent with the contention contained in his statement respecting non-resident interest. However, in respect of the matter of shares of chartered banks in this country held by residents of this country, particularly new banks, I find that I cannot agree with it.

Mr. Speaker, if what the Minister of Finance has suggested is actually happening, that there may be a transfer of some of the authority in respect of monetary policy into the hands of other governments simply by the ownership of shares in the chartered banks, that is tantamount to an admission that the federal government today and the officers of the Bank of Canada do not have full control of monetary policy in this country. Surely that is the kind of admission that is not acceptable.

We believe, Mr. Speaker, that there is a need to have more competition in the banking field, and we have supported that position. We believe also that if there has not been a proper dispersion of banking facilities throughout the country, and it is rather obvious that is the case, there is a valid case to be made before this parliament now that more banks ought to be incorporated and that their main areas of activity should be in some other parts of Canada.

We have just seen a situation in this parliament which may be called a dispute with the other place in holding up the charters of three new banking institutions. So far as we in this party are concerned, we are not ready to accept the fact that the other place shall have the right to stop this house of elected representatives from issuing charters, particularly in a field as important to this country as finance. We do not accept the statement that is contained in the latter part of the minister's statement today. We intend to oppose it vigorously and right down the line.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, in my opinion, the Minister of Finance, who has been in office for two years and a few months, should be in a position to realize that he will not always be able to make us believe things which do not exist. He gives us as an excuse that there is a jurisdictional conflict in the field of banking authority, but the idea he has in mind and his purpose in introducing this amendment are contradictory.

There is no doubt that he is trying to prevent the government of British Columbia from