

*Private Bills*

make mortgage funds available to the Canadian public. Yet, while he has been driven to making his absurd recommendations, and I emphasize some of his recommendations are absurd, we find that the chartered banks and life insurance companies of this country are gathering increasing amounts of the money which ought to be made available as capital.

I admit that in some cases our chartered banks are acting wisely and making available the savings they have gathered to our people in the form of mortgage money. In other cases, though, our chartered banks are gathering in supplies of money; instead of investing those moneys in mortgages or worthy investments, they are diverting such moneys into childish and even foolish channels.

Our banks spend much money in advertising loans which go towards non-productive activities. They promote red convertible loans, boots and saddle loans as well as many other types of loans for recreational or non-productive purposes. I submit that money which is presently being lent for such non-productive purposes could be used better if it were invested in mortgages or other productive fields. That money can help in the development and expansion of the less developed regions of this country. It could help to provide employment in those areas of the country which at present suffer from unemployment levels of between 7 and 8 per cent, as is the case in parts of the Atlantic provinces and northeastern Quebec.

One can understand why chartered banks are diverting their money into the field of soft consumer lending. Such loans bring high returns and our chartered banks seek to make the greatest profits on their outlays. Clearly, they are not motivated by a concern for the public interest. The diversion of money which ought to be used for housing and other worthwhile purposes into the field of soft lending is a clear indication that the banks are not concerned about the public interest. Life insurance companies have tended to display a similar attitude in the investing of savings they have gathered. From time to time when the policies of life insurance companies serve the wider public interest, everyone is happy. When those policies do not coincide with the public interest, the story is different.

Our present rate of inflation is between 4 per cent and 4.2 per cent per annum. There is fierce competition for investment capital in this country and therefore we ought to scrutinize carefully the policies and actions of all our financial institutions, among which is

[Mr. Schreyer.]

included the insurance company referred to in Bill S-13, now before us.

The behavior of our financial institutions seems to be inconsistent. At the end of the 1950's and in the early 1960's a number of chartered banks felt it necessary to amalgamate. The result was that fewer chartered banks operated in this country. Presumably we felt that to be in the public interest. Yet at the present time the number of financial institutions in this country seems to be growing. We are adding new financial institutions to ones already existing. Clearly, the present trend of proliferation runs counter to the past trend of amalgamation. If the trends in the past were in the public interest, can it be said that present day trends serve the public interest?

Another aspect of Bill S-13 deserves to be mentioned, and the hon. member for Lotbinière (Mr. Fortin) spoke about this when talking on the bill before Christmas. If his colleagues wish to comment on this point I hope they do; we shall be glad to hear what they have to say. The hon. member indicated he was unhappy with the prospect of this particular life insurance company being given a charter which would allow it to operate on a nationwide scale. He was unhappy because the company was approximately 75 per cent foreign owned. There seems to be a trend, if not a tendency, in the province of Quebec for outside firms to purchase life insurance companies, particularly foreign firms. One does not have to go into the reasons, but there are a large number of insurance companies operating in the province of Quebec who find it important, right and fair to operate their day-to-day operations in both official languages. There was a tendency with the purchase of some of these smaller firms for the new owners to discontinue conducting their day-to-day operations in the same manner.

• (4:40 p.m.)

There are quite a large number of insurance companies in Canada at the present time. I understand there are approximately 16 insurance companies in this country in which the majority of the shares are foreign owned. Apparently, they are given preferential treatment if they have been operating in Canada prior to 1964 as they do not come under the general provisions of the amendments to the insurance act passed in 1964.

I conclude my remarks by saying, Mr. Speaker, that if the hon. member for Scarborough West (Mr. Weatherhead) moves the adoption of a bill such as Bill S-13 he should