

WEDNESDAY, June 14, 1950.

AFTERNOON SESSION

—The committee resumed at 5.30 p.m.

The CHAIRMAN: We have a quorum, gentlemen, and we will carry on. We have with us Mr. Coyne, Deputy Governor of the Bank of Canada, who has been kind enough to rearrange his appointments to come here. Would you carry on, Mr. Hellyer?

Mr. J. E. Coyne, Deputy Governor, Bank of Canada, called:

Mr. HELLYER: Well, all I would like to know is, first, how the various sub-sections of section 9 fit into the general economic welfare of the Dominion of Canada as to providing capital for the development of resources and maintaining our high level of economic prosperity, and also as regards the debt structure and the cost of servicing the debt structure on the rest of the industry in the dominion, and that type of thing.

The CHAIRMAN: It is fair to tell you, Mr. Coyne, that the reason you are asked to come here is as a result of a recent speech which you made and which was reported in the press, where you are reported to have made certain comments as to investments by insurance companies.

Now, would you care to make a statement regarding that speech, or would you rather answer the broad question which Mr. Hellyer has just asked you?

The WITNESS: Well, perhaps I should start by saying that I am not familiar with the details of the legislation before you now. I was invited by the Canadian Life Insurance Officers Association to speak to them at their annual meeting on the general subject of savings and investments in Canada and I did so. Most of what I had to say related to the significant development in that field since the war, during which period, as far as one could tell, the financial machinery of the country responded very well to changing conditions and operated in different ways at different times—sometimes the banks, sometimes life insurance companies providing the capital needed in certain areas—sometimes private investors.

But looking to the future one wonders—and this is the question I left before the meeting—from what quarters will come the capital needed for continuing the development of Canada and just what part the financial institutions will play in that process, having regard to the fact that so great a proportion of savings flows through their hands.

My purpose, as I said, was to ask questions or, at any rate, to ask a general question of that nature with a view to provoking discussion either at the meeting or later among the gentlemen concerned, with the hope that they and other interested people from time to time would provide the answers, and out of the answers that various people might give some sort of development might come. But I am no expert on insurance companies.

By Mr. Hellyer:

Q. Do you think that the insurance companies, with their experience and with their machinery as already set up, would be in a position, if given wider powers, to further the economic development of the country by supplying the needed amounts of capital as required and, at the same time, spreading the risk sufficiently to protect the policy holders?—A. I think they always have done that and it is generally a question of degree as to how far they wish to do it and how far the legislation will permit them to do it.