

*Trust Companies Act*

the sixth. Mr. Speaker, if he has not got a loan from the second bank he will probably never get it. I think this is true of trust companies also. Expansion beyond five or six will do no good as far as members of the public are concerned.

We have not laid down what function the trust and loan companies will perform. Surely, they are not being established merely in order that a man can go in and cash a cheque in the evenings or at other times when the normal banks are closed. Is the minister really of the opinion that it is in our interest to establish more near-banks? Why has the decision been taken to expand the jurisdiction of these companies and the role which they are permitted to play? We are making them into something very near banks, yet we have not placed any limitation on the rates they may charge for mortgage money; we have placed no restriction on the direction in which they can place their loans. We have laid down no conditions on behalf of the Canadian people. And I am sure the minister could not care less. He has been told by others, I am sure, that this is what must be done. That is his interest.

The Canadian people, on the other hand, are concerned to see that some types of mortgages are made available at reasonable rates. I believe the guarantees provided in this bill make it possible for the companies concerned to borrow money and lend it at lower rates than those presently charged. For these reasons I am very much in favour of giving this measure a six months hoist and looking at the whole subject again. This time, we should consider it from the point of view of the Canadian public rather than of certain rich financial institutions.

● (4:10 p.m.)

I support the six months' hoist and I hope other hon. members of the House will consider it. Having regard to the statement made by the previous hon. member regarding changing of conditions, I say they have not changed except that it was decided Parliament was not the place to handle petitions for incorporation but that they could be handled much easier under the Canada Corporation Act. I agree with the hon. member for Waterloo (Mr. Saltsman) that this may be the last time we will be able to look at this subject, and six months consideration is not too much.

**Hon. Herb Gray (Minister without Portfolio):** Mr. Speaker, I thought it might be useful if I attempted to deal with some of the

points made by other speakers at this time. The hon. member for Waterloo (Mr. Saltsman) attempted to claim that the proposed amendments would have an inflationary effect. I responded to a similar argument by the hon. member when this legislation was being studied by the finance committee. I said to him that on the basis of a further examination of this point I felt his contention was not correct, although he is entitled to his opinion, of course, even though it may not be a correct one.

I pointed out to the finance committee when this question came up that it was not considered that the proposed amendments to the Trust Companies Act or the Loan Companies Act would be inconsistent with the government's anti-inflationary policy or policies along these lines being followed by the Bank of Canada.

I went on to say that these proposed amendments did not offer any threat to the Canadian inflationary policy of the government. To the extent that new funds are drawn from new savings, the legislation positively contributes to the control of inflation. To the extent that new funds are diverted from other uses, there is no new addition to savings but a new allocation of funds within the economy may well have the effect of being less inflationary if they bring about such things as a switch from bank lending to housing mortgages. I remind the House that the major part of the lending activity of trust and loan companies is in the field of mortgage lending with some important emphasis on lending for residential purposes.

The hon. member for Waterloo went on to repeat the doubt that he expressed in the past that the proposed amendments would actually bring about any increase in lending by trust and loan companies for mortgage purposes. I would again remind the hon. member that if trust companies cannot accept more deposits from the public they certainly will not be able to increase their mortgage loans.

As I have said, an important part of such lending is in the residential field. If they reach the ceiling or the limit provided for under the provisions of the existing legislation they cannot accept more deposits. I submit through increasing or raising the ceiling trust companies would be able to receive more deposits, if people are interested and willing to place their deposits with them, and in this way they would be in the position to increase the amount they have available for lending for mortgage purposes.