

*Bank Act*

say in the direction of financial policies with consequential effects on economic policies coming under their jurisdiction.

Mr. Speaker, we should not be afraid of the provinces, even if such a concern has already been expressed in statements made here and elsewhere. I feel we should not be afraid of the Canadian provinces.

In fact, if we look back, if we refer to past relations between the central government and the provinces, we notice that the provinces of Quebec and British Columbia have expressed themselves openly through their prime ministers.

But I want to speak more especially about the wishes of the province of Quebec where I live. Quebec wants to invest in chartered banks for two reasons: to be able to purchase a number of shares which would enable it to have representatives in the boards of directors where the financial policies of the country are developed, and this precisely because Quebec is experiencing an upsurge of its economy.

Quebec is also conscious of the fact that, in order to be able to do any long term planning, to guide the development of its economy, it must have a say in the institutions which determine our financial policy and control our monetary policy.

Another reason for Quebec to want to buy a number of shares in the chartered banks is because French Canadians would be allowed more openly and obviously to sit on the boards of the chartered banks, so they may be provided with the opportunity to play a part in this sector which is just as important and prominent as our Canadian economy, in Quebec as well as in the whole country.

I should like also to point out to the minister that it might be appropriate to let it decide on the approach, either by invitation or some amendment, to the Bank Act.

However, if my memory serves me right, there is nothing in the constitution of the Bank of Canada which prohibits loans to provinces, municipalities and school boards.

In fact, I believe that, at the beginning, the Bank of Canada did that on several occasions, until 1936, but since then it has not granted any loan to a provincial government, a school board or a municipal corporation.

[Mr. Allard.]

Our provincial and municipal governments and our school boards have been forced sometimes to go and borrow from other sources, and often from foreign markets. And we know that by doing so, they are subjected to the often unilateral variations and decisions of other countries, which interferes with the long-term planning of our provincial governments.

The Bank of Canada is a Canadian institution which should serve usefully our Canadian people; it could play a wonderful part in considering the feasibility of lending funds to our provincial and municipal governments and school boards, at very reasonable rates; this would allow it to play a direct role in the development of various administrative sectors of our country.

Mention was made, of course, in some places and mainly in the Porter report, of the advisability for the near-banks to come under the Bank Act.

In that respect, Mr. Speaker, I think that we should wait for the report of the commission set up a few months ago in Quebec especially to consider this particular problem. In fact, the Quebec government expects to receive this report toward the end of 1966.

I feel that it would be premature for the minister to introduce within the next month or two his proposed reforms to the Bank Act. By so doing, he would, in a fashion, be dealing categorically and inappropriately with the problem of all near-banks, with a view to establishing if they fit in and where, and their relationship with regard to other banks.

I humbly submit these few suggestions to the hon. minister, without dwelling on the matter too long.

However, there is no doubt that this act and the reforms the minister proposes to bring to the Bank Act, as well as the invitation he will probably extend to the Bank of Canada, will enable us to strengthen the Canadian people's confidence in our financial institutions.

There is, at the present time, some concern in industrial and business circles, especially with regard to certain decisions made by the government in Washington with regard, naturally, to foreign investments. There is some concern even with regard to launching major development projects in our country. It rests therefore with the hon. minister, as well as the acts and reforms he will present, to bolster the trust the Canadian people have in our financial institutions.