

*Private Bills*

wonderment, in particular about the Quebec Savings Bank but also about the general banking structure and the banking fraternity in Canada, of which presumably this bank will become a part. We know that within recent years our banks have been perhaps the greatest single contributing factor to the pressures of inflation.

This is partly because of revisions to the Bank Act, partly because of the removal of the interest rate ceiling, partly because the banks themselves participate in advertising, as it were, to push their wares and services upon us, and partly because our banking institutions in effect create money out of nothing. Each time this is done they pump into the economy additional millions and millions of dollars that are used to buy the goods and the services that we produce. They are doing this at a faster rate than the Department of Finance or federal government can cope with.

On the one hand, we have had the government, by tax increases and the like, trying to dampen the so-called fires of inflation and, on the other hand, permitting the banking fraternity and the banking institutions to add to the fires of inflation. As I have said, they are able to do so at a much greater pace than the government can keep up with.

The mere fact that we have seen the profits of banks jump somewhere in the neighbourhood of 40 per cent in the last year is indicative of the additional activity that they are pursuing in the money market, and indicative of the pressures that the banks are putting on the inflationary spiral. We know that the more the banks engage in advertising, the more they attract the general public to borrow greater and greater amounts of money, and the greater the desire of banks to get into the consumer credit field, the greater will be these pressures on inflation and the greater the devaluation of the dollar itself. So it is with a certain amount of reluctance that we endorse what is being asked of us at the moment. Probably one result will be the addition of one more point of pressure on inflation. There will be the addition of one more banking institution to create more money and create more inflationary pressure by urging people into greater debt. This is a picture which, on balance, we do not think is good for the nation.

But when this bill goes to committee it will permit us to explore these things in a great deal more detail than is possible at this point.

[Mr. Howard (Skeena).]

Those of our members who are on that committee, and who have some expertise in this particular field, will be interested in going into those details at that time.

We know that other banks have on their boards of directors, those who are also senators. We know from past experience that certain senators, were on the boards of directors of certain banks. In view of their financial interests in certain banks they interfered with the normal parliamentary procedures a few years ago when there was a desire to establish more banks. One of the saving features we might put into this bill at committee stage, and hopefully the same idea might be incorporated into the Bank Act, is that senators and members of parliament be excluded from participating in the boards of directors of these banks. After all, by permitting this activity we have placed members of the other house in the position of having to try to serve two masters, their financial one and the public interest. We should try to correct that situation, and we look forward to an explanation in committee about these and many other points.

[*Translation*]

**Mr. C. A. Gauthier (Roberval):** Mr. Speaker, I would like to say a few words on the motion to refer this bill to the committee on finance, trade and economic affairs, for study.

I am naturally in favor of this bill, because its object is to allow this old Quebec bank to operate as if it had been incorporated for a long time. I find it rather surprising that it has not been encouraged before now, and that it has not been treated like the other banks.

Some hon. members may be surprised to hear a member of the Ralliement Cr ditiste support the establishment of a new chartered bank. We once supported the establishment of a new bank in Canada, but we did not get anywhere. As concerns this one, we are happy that the bill was unanimously adopted in the Senate, because I find that given the system we live in, we have to accept the will of the majority, even if we do not always agree with it.

We are not against banks, because they should play their role fully in the private sector, as the Bank of Canada must do in the public sector.

At present, it is the opposite, because chartered banks have much more influence than the Bank of Canada. Experts tell us that the Bank of Canada's role is only secondary, but we are fighting so that it can play its true role.