

Then further on it states:

Apparently the situation was so bad shortly after the collapse, that unless the Bank of Canada had stepped in and arranged that huge amounts of cash be shovelled into many finance companies—

How can the Bank of Canada do that?

Mr. HOWES: Through their re-discount privileges. As Mr. Lafferty was saying—and I think we all have to agree with him here—these things are done by word of mouth. I did not make this up, sir; I have the press clipping here.

Mr. CLERMONT: You say you did not make it up, but you are taking the responsibility for that brief.

The CHAIRMAN: I would wonder, sir, whether the Bank of Canada has the authority to put cash directly from its coffers into—

Mr. HOWES: Arranged. I am not saying it did it. The president of Traders Finance was one who discussed this at great length. Gentlemen, this is not the time to discuss that Atlantic matter but Mr. Lafferty was not kidding; apparently it was really grim.

Mr. CLERMONT: You said that in some ways Mr. Lafferty talked too much.

Mr. HOWES: I did not say that.

The CHAIRMAN: What was said about comparisons?

Mr. HOWES: But anyway, whether or not the Bank of Canada recommended that the banks make funds available—if I must word it in such long legal words—it is my contention that because of Atlantic, British Mortgage and this Prudential thing,—I was incidentally, asked at a creditor's meeting about Prudential Finance—you gentlemen would need no more reason for the Bank Act to be changed than to see those old folks who had been stripped of their funds. It can happen with banks too, you know.

Mr. MORE (*Regina City*): Yes but the Inspector General of Banks, by a regulating and having power over bank loans to Prudential, would not have helped the person who bought their debentures and got stuck. How would that save them?

The CHAIRMAN: I think probably your point there is that it might help the banks, not the—

An hon. MEMBER: It collapsed though earlier.

Mr. HOWES: Maybe that would have been a good thing. But anyway, may I say that I made the recommendation after due consideration, sir. Mr. Saxon in the United States feels the same way, and with good reason. And remember, our American neighbours had much, much tighter banking laws than we have. Maybe we need them.

Mr. CLERMONT: According to your report they had seven bankruptcies in 1966.

Mr. HOWES: Yes sir. Canadian banks are like a cornerstore, you know; they are not all that.

Mr. LIND: Mr. Chairman, mention was made of cash being shovelled into many finance companies.