

*Trust Companies Act*

friend think it would then be time for the department to step in and see to it that they conformed to the loan and trust law introduced by himself?

Mr. MEIGHEN: We must certainly see that the law is carried out, and, if the law as to the responsibility of directors is not strong enough make it stricter. But that is a very different thing from going in, after the law is carried out, and valuing real estate here, there and everywhere all over Canada, and getting into all sorts of conflicts in order to make sure, if possible, that debenture holders are not going to suffer. The debenture holders will look after themselves both when they are making the investment and afterwards. If the minister is right why not go into commercial companies also? They are capable of just this same kind of thing,—why not go ahead and supervise their business? I do not know where we are going to stop. It simply means that we are becoming grandmother and wet nurse for the business of the country. What we should seek to do is to look after the public of Canada, no more and no less. It is only of recent years—that is to say comparatively recent years—that we have gone so far as to make the government of Canada responsible for depositors. But if we are going to apply the same principle to loan and trust companies and watch the interests of debenture holders here, there and everywhere I think it is a very dangerous path for the government to enter upon.

Mr. HEALY: I am absolutely in accord with the proposed resolution. We are about to put the chartered banks of Canada under government inspection. Now, these loan and trust companies are bidding for deposits against the chartered banks and at a higher rate of interest. Therefore there is no difference between a deposit and the debenture that is sold in Canada at the present time. The short term debentures of loan and trust companies are sold and bear interest at the rate of 4 or 4½ per cent, and the company allows the money to be drawn after the lapse of six months on fifteen days' notice. It is absolutely a deposit such as the banks receive, except that it is for a longer period of time. If the chartered banks of Canada are placed under government inspection then the companies competing against them for deposits—whether it is a daily or monthly deposit, or a deposit for six months—in the form of debentures should be placed under identically the same form of inspection. The

[Mr. Robb.]

inspection need not go into the byways and highways of the country valuing real estate at all. That can be carried on at the head office, just as the proposed inspection is going to be carried on in the case of a bank, and the valuation of real estate can be taken from the valuation as submitted by competent valuers such as these companies have in their pay all over Canada. I think inspection is certainly necessary in the case of these institutions from the fact that they are competing daily with the chartered banks of Canada.

Sir HENRY DRAYTON: My hon. friend has not caught the point to which I was addressing myself. I am not objecting to this inspection; I am trying to point out some of the difficulties we have in carrying it to the length it is apparently proposed to carry it. My hon. friend has not read the act. Had he done so he would have found that we do bother about real estate. That duty is thrown upon us.

Mr. HEALY: Certainly.

Sir HENRY DRAYTON: It is just as well to look into these things before we talk about them. In the next place I point out to the Acting Minister of Finance that it is because of the legislation of 1922 that matters have been pressed to the length that they are now being pressed. It was not done before and could not be done before. I pointed out in the first instance that in the act of 1922 provisions very much more stringent in connection with the companies are made; and we find very plain regulations, and plain distinctions as to what is proper security and what is not, which is a good thing, and was done before. We have a list showing how they can invest their money, which occupies over a page of the statute. We have another list which is set out, and then this duty is imposed on the Inspection department, under section 6:

The following sections are inserted after section 70A, inserted by section two of chapter 21 of the statutes of 1920:—

70B (1) In his annual report prepared for the minister under the provisions of section 70 of this act, the superintendent shall allow as assets only such of the investments of the several companies as are authorized by this act, or by their acts of incorporation or by the general acts applicable to such investments.

Hon members will see that so far as that is concerned, it is a mere ministerial act, pointing out what can be done properly: That is, checking the list of investments and seeing