

*Bank Act*

said that some of the provinces have taken a little longer than others to reply. I find it strange in some ways that, whereas the constitution says that banking shall be the exclusive jurisdiction of the government of Canada, through some open back door the whole of the banking system of Canada is now subject to some sort of veto by the provincial governments. This is an aspect which worries me a great deal.

I really cannot accept as an excuse the statement that this legislation is not now ready, because it is so integral a part of the subject of banking. To ask these people to come back and forth to comment on this matter is, I think, quite wrong.

**Mr. Sharp:** Mr. Chairman, may I reply briefly to what the hon. member has said. It is not the intention of the government to proceed with the deposit insurance legislation through to completion at this session. We believe this subject deserves very careful consideration before the government makes up its mind on the final terms. Therefore, our plan is to read the bill for the first time and not to proceed further this session. This will enable the committee at least to know what is the intention of the government at the present time.

There is a related question raised, I gather, by the hon. member for Edmonton West and also by the hon. member for Kamloops with regard to jurisdiction over banking. I understand that this question has been debated at some length. As I have said on previous occasions, Mr. Chairman, the government is still studying this problem. It has introduced the idea of deposit insurance not as a substitute for any future enunciation of federal jurisdiction over banking but as a practical measure to improve the safety of deposits that people are now making in institutions whether or not they are engaged in banking. So, while I think deposit insurance will help to meet an immediate problem on a practical basis, the question of jurisdiction over banking is one which still remains to be settled.

**Mr. Baldwin:** Mr. Chairman, I should like to ask the minister a very brief question in this connection. Have his legal advisers not given the most serious consideration to the decisions of the privy council in connection with social credit legislation when Lord Simonds, delivering the judgment of the privy council, laid it down in the most absolute terms that banking could only be construed in its very widest sense? He applied what is known as the growing tree philosophy, that

[Mr. Lambert.]

banking goes forward and its interpretation or meaning widens with conditions that exist today compared with conditions in 1867. In the result, the effect of the decisions of the privy council of that time leave absolutely no doubt at all that the federal government has sole jurisdiction, if it chooses to exercise it, over "banking" in its very widest sense.

**Mr. Sharp:** Mr. Chairman, while I have no doubt whatever about the jurisdiction of the federal government over banking, I still have some doubt how one defines the business of banking, and that is the essence of the question. I think it is not just an accident that for 100 years no attempt has been made in this country to define the business of banking. Very difficult and practical problems are involved.

However, it is now my view that we should approach this question as a serious issue. I think there are now reasons that did not exist some years ago why the government should be looking at this problem much more seriously than it has in the past. I am sure that the hon. member for Kamloops, when he was minister of justice, had a look or was asked to look at the problem at the time. The fact that his government did not act is symptomatic of the very real nature of the difficulties that are involved. I do admit, of course, that the question was referred to a royal commission, and this royal commission has now made certain recommendations; I should like to assure the house that the government has not made up its mind in the negative on this question.

**Mr. Cameron (Nanaimo-Cowichan-The Islands):** Mr. Chairman, if I may return to the relationship between the deposit insurance legislation and this wider problem, which includes the definition of banking, I should like once more to stress that until we know what is going to be the reaction of the near banks to the government's deposit insurance legislation we in the committee on finance, trade and economic affairs are not in a position to decide whether or not there should be an attempt to amend the Bank Act to deal with this situation.

I would urge the minister to let us have that legislation in time for the committee to get a reaction from the witnesses who will be appearing before it. I would certainly want to cross-examine any of the near-bank witnesses to ascertain what their reaction was to the government's deposit insurance legislation. I think we should have it in our hands as quickly as possible, because it may very well be that there will be a negative reaction. In