

Bank Act

Mr. Sharp: Mr. Chairman, may I ask the hon. gentleman a question? I am wondering whether he is joining his colleague from Kootenay West in supporting the views of the members of the Social Credit party about the expansion of money through the ownership of a government bank?

Mr. Cameron (Nanaimo-Cowichan-The Islands): No, Mr. Chairman, I am not doing so at all because I do not suffer from this other form of doctrinairianism which is only slightly to be distinguished from that of the minister. Both are equally unreasoning, equally based on religious faith and equally lacking in any logical foundation. I am attempting to base my views on logical considerations, and I would like to deal with the banking system of Australia in this connection. We should be quite interested in it because the Commonwealth Bank of Australia was established by a Canadian, a rather curious character called King O'Malley who emigrated from the eastern townships at the turn of the century and persuaded his colleagues in the labour party of Australia to establish the Commonwealth Bank. At first it was established as a Canadian bank, and later, with the rise of the idea of central banking, it was constituted as a central bank.

Later a new central bank was set up and the Commonwealth Bank became a tripartite organization with three component parts. I might say that it is interesting that in Australia they have the same number of banks that we have, that is eight banks; seven of them are privately owned and one is the government Commonwealth Bank. Curiously enough the first one was established in 1817, the same year in which our oldest bank was established as we were repeatedly informed during the committee hearings—an odd piece of history that I myself thought a little bit irrelevant. As I was saying to one of my colleagues, the older I get the less virtue and value I find in old age, either biologically or in institutions. However, that is by the way.

The Commonwealth Bank was set up with three component parts: one is the Commonwealth Trading Bank—and a trading bank in Australian parlance is the same as one of our commercial banks—the Commonwealth Savings Bank, and the Commonwealth Development Bank.

I should like to quote from a recent publication by W. F. Crick, published by the Oxford Press in 1965. The author has this to say

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

regarding the role played by the savings banks of Australia:

Within the banking structure the growth of savings banking has assumed greatly enhanced importance in the past decade and cannot be ignored in any consideration either of competition within the financial system or of monetary policy. Savings banking in Australia grew up independently of the commercial banks, and apart from two small trustee savings banks in Tasmania it was until recently in the hands of three government organs. The largest is the Commonwealth Savings Bank, which is one of the three functional banks making up the Commonwealth Banking Corporation. Originally the Commonwealth Savings Bank Department of the Commonwealth Bank of Australia—

This savings bank has been playing a very important part in the provision of funds for a particular field of the economy which is being referred to continually in this house—it came up today in the house—namely the question of housing. The Commonwealth Savings Bank in Australia provides a very large part of the funds that are devoted to the development of housing in Australia. Mr. Crick goes on to say the following, and this will I am sure cheer the hearts of all my good free enterprise colleagues in the House of Commons:

The new invigorating element in savings banking was introduced in January 1956, when two of the major trading banks began to operate savings banks as wholly-owned subsidiary enterprises. Since that date when those banks were granted licences under the Banking Act, all the major trading banks have entered the field in a similar manner, and the Rural and Industries Bank of Western Australia, a state bank, has opened a savings bank division. This move on the part of the commercial banking interests may seem surprising in view of their previous neglect of providing small savings facilities similar to those in other countries. It was finally inspired by, more than anything else, the competition they faced from the rapidly growing Commonwealth Trading Bank. While this is not the sole reason for that bank's expansion, it undoubtedly derived benefit in its operating costs and in competing for general banking business from sharing the use of branches and staff with the Commonwealth Savings Bank and operating commercial and savings business side by side.

I might say that right up to the present day over 50 per cent of the total personal savings of Australians are lodged in the Commonwealth Savings Bank, providing a very large reservoir of funds for such things as housing in that country.

● (5:20 p.m.)

Now, even when they had entered the privately owned banking field, the Commonwealth Savings Bank, as I have said, continued to play a decisive role. In another book entitled, "The Australian Capital Market",