

*Trust Companies Act*

When the bill was first brought before the House we heard from the President of the Privy Council (Mr. Macdonald) that this bill was needed in order to make more mortgage money available. He seems to have toned down that aspect, because we do not hear it too often any more although it was raised in the committee by the hon. member for Windsor (Mr. Gray). However, I think it is an entirely discredited argument, particularly in view of some of the statements emerging from the trust companies, as they anxiously await the passage of this bill, which indicate to their investors and depositors that they will now have increased opportunities in more lucrative fields than mortgages.

I suggest that this bill will not increase the amount of money available for mortgages in this country by one iota. To the extent that it increases the amount at all, it will be at substantially higher interest rates than now exist. So I cannot see why the government is so determined to have this bill moved through the House and receive approval. I suspect there is a reason for the government's concern; that is, that the future of the trust companies is not very secure under the present legislation. The trust companies are finding it very difficult to compete against the banks as a result of the increased powers which came to the banks under the new Bank Act and are seeking new avenues for investment and new ways to increase the leverage of their existing capital. I can understand that the trust companies are anxious to have this legislation go through. They are running a business and are anxious to see it do as well as possible.

Our responsibility, however, is something else. Certainly, we are not opposed to anyone in society doing as well as possible. However, we are also here to represent the public interest and to ask ourselves whether the passage of this particular measure, as beneficial as it may be to the trust companies, is really in the national interest. I submit it is not in the national interest and therefore that this bill should not be passed.

There is another reason this bill should not be passed. A complete examination is needed into the role of the financial institutions in our society. This is long overdue. Yes, we did have hearings in committee and we did look at the legislation but all that went on there was a tinkering around, a little change here and there and an examination of things as they are. It is really necessary to go much beyond this tinkering with the financial insti-

[Mr. Saltsman.]

tutions. We must ask ourselves whether the time has come when the way in which we look at our savings, the way in which we gather our savings and the uses to which we put them, should not be changed. We must ask ourselves whether these institutions fit into a modern society and its needs.

Whatever value these institutions may have had in the past I think has been outgrown or our society has outgrown them. Certainly, in the past they provided a place in which to put savings safely because the reputation of our financial institutions in that regard has been quite high. It is true we have subsidized some of these institutions in the past, such as the life insurance companies, which have grown at the expense of the public purse. The way we looked upon it in the past was that private goods were the sort of be-all and end-all of the activities of our society. But again, it is quite apparent now that there is far more to our society than just facilitating the exchange of private goods. There was a time when the market was less rigid than it is now, a time when the market responded to investors and savers. That is no longer the case. We have gigantic institutions today which tend to dominate and distort market decisions. Therefore, another look must be taken at the way these institutions operate in our society. No one will say there is not a continuing role for private institutions.

• (3:10 p.m.)

I think there is a continuing role for the trust companies and the insurance companies, but certainly not as the major determinant of policies in the market place. I think that they will perform useful and specialized functions. But I do not think that the present powers of the trust companies should be enlarged, certainly not until there is a complete re-examination and evaluation of the role that all the financial institutions are playing in our society. Insurance companies gather a tremendous amount of savings which, I suggest, could be better gathered by governments of various kinds. They could be more efficiently gathered and allocated. If insurance companies want to insure the exotic, like Marlene Dietrich's legs, that is all right for them; but when we are talking about insuring the basic needs of people, what sense do these hundreds of competing companies make any more?

What is wrong with the institutions as they now stand? First of all, they do not respond as effectively as they should to fiscal and