

Canada Deposit Insurance Corp.

In conclusion, Mr. Chairman, may I say that I urge the minister to reconsider whether or not it is possible to boldly proceed to make the terms of this measure compulsory with regard to all institutions which are banking institutions, in the sense that they accept deposits and undertake to honour those deposits. I know there is a need for speed in this matter and one does not want constitutional trouble to overtake the legislation, but if the minister receives advice different from the advice given by the hon. member for Edmonton West and myself, then I suggest that the legislation be so drafted that any part, the constitutionality of which is in doubt, could be promptly referred to the Supreme Court of Canada for an opinion.

I believe, Mr. Chairman, we would be doing less than our duty to those whom we are bound constitutionally to protect, if we were to shelter behind some—I was going to say phony but perhaps that is the wrong word in this context—false or imagined constitutional limitation. If this sort of change is made, I think it should meet the situation and I have no doubt that the legislation will receive the support of all the members of my party.

Mr. Langlois (Mégantic): Following the remarks of the two previous speakers, Mr. Chairman, I wish to add a few remarks of my own and perhaps a few criticisms which I hope the minister will consider. At the outset, I should like to tell the minister that so far as the principle of deposit insurance is concerned, I believe it is rather difficult to speak against it. However, we have talked about this scheme and we do not know what the reactions are of the people directly involved in the financial field. I believe the minister has indicated his willingness to refer the bill to the standing committee on finance and economic affairs. If this is the situation, then a lot of the problems or questions in the minds of members might be clarified at that time. I think it would be a wise move. Since we are discussing finance, whether it be insurance on deposits or whether it be banking, I think the matter should be discussed thoroughly by members at their leisure and to the satisfaction of those who are to be regulated. Those engaged in the financial field could give their views and make their criticisms of the proposed measure.

● (5:10 p.m.)

At the outset, I may say that I believe our group is in favour of the principle of this measure. I may remind the minister, however, that we have already adopted the principle of

[Mr. Brewin.]

deposit insurance so far as the chartered banks are concerned. This insurance is the federal government itself. The federal government should have entire control in the financial field. If the federal government has given away this control, it would be quite interesting to know who has it and when it was given away. In so far as deposits are concerned, we must remember that the chartered banks have 70 per cent to 80 per cent of the deposits in their financial institutions. They are controlled by reserves in the Bank of Canada, and the Bank of Canada belongs to the Canadian people; it is under the jurisdiction of the federal government. If the federal government does not follow through with its control through the Bank of Canada, then it is not doing its job for Canadian depositors. If there is any failure on the part of the Minister of Finance or the federal government in office, then the financial institutions across the country will collapse because they rely on the over-all economy. I do not give a hoot what kind of insurance we are talking about; if this scheme is to be effective we will have to follow it through.

I do not want to shoot any arrows at anybody, but we have had some collapses in the financial field which, if we look far enough, may be due to some lack of responsibility on the part of the government, especially in the recent case of Prudential Finance. Perhaps the government did not move fast enough there, we do not know. But I still maintain that the Bank of Canada is the controller of the deposits in all the chartered banks, which amount to about 80 per cent of the total deposits in Canada. That is the backbone of our financial institutions.

Doubts have been expressed about federal jurisdiction over the so-called near-banks. I for one firmly believe that any body or corporation, such as credit unions, trust companies or whatever you like to call them, which conducts financial transactions should be controlled and guided by the financial policies of the federal government.

There also seems to be some controversy as to what the British North America Act stipulates in this regard. I think one of the first steps the minister should take is to get a ruling on this from the Supreme Court of Canada. This would prevent any hiding behind smokescreens, one person saying it is the responsibility of the provincial government and another saying no, it is the responsibility of the federal government. While we are arguing about who has responsibility somebody else is being cleaned out of his savings and