

Proceedings on Adjournment Motion

FINANCE—REPRESENTATION OF GENERAL PUBLIC ON
BANKS' BOARDS OF DIRECTORS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, on April 4, in an appearance on the CBC program "Week-end," the Minister of Energy, Mines and Resources (Mr. Greene) made a brief statement in relation to the banks of Canada and the views of their chief officers. He made some suggestions that would indicate he was seriously thinking there should be representatives of the public on the boards of directors of Canadian banks. The *Ottawa Citizen* of April 5 reported the statements of the minister in some detail and I shall quote two short sections. The first reads:

Government will have to "play a greater role" in the management of Canadian banks if their presidents "really don't care about the economic and financial independence of Canada," says energy minister Greene.

The article continues:

Mr. Greene suggested government might have to "sit at the table where the great financial decisions are made in far greater degree than it has in the past to enable Canadian companies to have the financial muscle to play in this very tough league with the American companies."

Because there was wide comment on the statement of the minister, and much editorial comment, the minister wrote a letter to the *Toronto Star* on April 16. I quote a couple of sentences from that letter as follows:

● (10:10 p.m.)

—we cannot permit the resource and industrial entities of production to be in a continuing and growing degree owned by non-Canadians.

A new factor on this question may have been brought into focus by the recent statements of chartered bank presidents to the effect that they do not support such entities as the Canada Development Corporation to enable a greater Canadian presence in our resource and industrial complex, and further that they apparently do not subscribe to any growing degree of economic nationalism.

He ended the letter by saying:

These factors would suggest that there should be a public discussion in Canada as to whether, as has been found beneficial in other countries, those responsible for the political direction of the country should have an adequate voice in the financial decisions which will determine the future make-up of our country.

I asked the Minister of Finance (Mr. Benson) on April 5, as a result of news reports of what the Minister of Energy, Mines and Resources had said, whether consideration was being given to legislation which would give the government power to appoint public representatives on the boards of directors of the chartered banks of Canada, which was precisely in line with what the Minister of Energy, Mines and Resources had said. I also said that I am concerned, as is the Minister of Energy, Mines and Resources, about the tremendous power which the banks of Canada wield, a power which stems from the tremendous financial resources they have, resources made avail-

[Mr. Mahoney.]

able to them by the people of Canada. These resources they hold in trust.

A report on business carried in the *Globe and Mail* in December, 1970, showed that the chartered banks of Canada had as of October 31, 1970, over \$45 billion in total assets; that they had loans and mortgages outstanding of more than \$25 billion; that they had personal savings on deposit in Canada of over \$16 billion; that they had other deposits, not counting moneys deposited in banks by the government of Canada, provinces or other banks, of over \$18 billion; and that bank profits in the last two years had risen by more than 25 per cent. I am referring to the net profits of banks.

This is tremendous financial power and it seems to me, as it seemed to the minister when he made those statements, that the people of Canada and their government ought to have a good deal more say about how the banks operate and in the decisions which they make, decisions which will affect the well-being of every Canadian citizen. We have not done that up to now. For that reason I asked the Minister of Finance whether he was giving consideration to bringing forward legislation which would permit the government of Canada to appoint to the boards of directors of the chartered banks of Canada public representatives.

I was very disappointed with the minister's reply to my question. He said that the directors of banks are representatives of the public. I agree that they are representatives of a small section of the public of Canada, of that 1 per cent or 2 per cent who have large financial resources. I am not critical of the directors; they represent these people and represent them very well. What I am suggesting, and what I suggested when I asked my question, is that the banks are so important to the well-being of this country that the government of Canada ought to pass legislation such as I have suggested, as has been done in other countries.

As the Minister of Energy, Mines and Resources suggested in his statement, the governments of other countries have power to appoint representatives to the boards of directors of banks. I put forward a relatively moderate suggestion to the Minister of Finance but it met no success. Hopefully, I shall now receive a more sympathetic response.

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, on Tuesday of this week, on behalf of the Minister of Energy, Mines and Resources (Mr. Greene) I responded to a question from the hon. member for Compton (Mr. Latulippe) on the same subject matter but from a somewhat different angle. Rather than repeat the general comments I made at that time concerning the financial institutions in Canada, particularly the banks, I refer the hon. member to the answer given on Tuesday evening of this week.

Section 18, subsection 3 of the Bank Act requires that at least three-quarters of the directors of a chartered bank shall be Canadian citizens ordinarily resident in