

*Bank Act*

performing their functions, whether they discriminate and play favourites between customers. There was no way of tracking this down, and there can be no way of tracking it down. One witness who came before us to make a pitch for a foreign bank suggested that the foreign bank should be here because we really required in our banking system the modern and up to date expertise of American banks. I had a little entertainment with that witness. I brought him to the point twice of virtually saying that our local banking community was incompetent and not equipped to handle Canada's growing role in the world. Of course he hastily retreated from that position when I brought it to his attention, but not before he had caused a certain fluttering among the audience, which was composed largely of bankers at that time.

The consideration of the committee was, is it an efficient institution in our society, is it enterprising enough, is it imaginative enough, is it behaving in a non-discriminatory manner? The other matters of concern were questions of the charges, and there was a great deal of thought in connection with the removal of the 6 per cent ceiling. I must say that I myself went through a whole process of thinking on this question and had to change many of my positions in light of further thinking, further reading and further evidence.

• (5:10 p.m.)

I came to the conclusion that there was not too much to be said for the maintenance of the 6 per cent ceiling because it could be evaded so easily and because there seemed to be a fair amount of evidence, to the extent that it was not evaded, that the 6 per cent ceiling was giving rise to the growth of near banks and various financial institutions which have been causing cold shivers to run up and down our national spine, for some time.

The government, the minister, and I think most of the committee members except myself and my colleague, felt that we could rely on competition to prevent the banks from making exorbitant charges when the ceiling was taken off. Competition is all well and good but I have some doubts as to whether we will achieve effective competition by the incorporation of more private banks, because I have a lurking suspicion that once a private bank gets into operation it will become very quickly part of the club and part of the establishment and the element of competition will be very severely reduced. This was my reason for making a proposal to the minister in the

committee which I felt would solve two problems for him.

I proposed to the minister that in order to solve the vexing question of the Mercantile Bank and its effect on our relations with the United States, the government of Canada should consider buying out the interests of the First National City Bank of New York in that bank. This would solve that problem and also the problem of some countervailing force to control the operations of the private and chartered banks when they are relieved of the 6 per cent ceiling.

When I announced this idea to the minister I stressed the fact—and I think he took my word for this—that I was not advancing this from a purely doctrinaire position but that it was a very practical point of view and a practical solution to two problems. I think the minister accepted it seriously on that basis and I have no complaints on that score. However, when he rejected the idea, he did so not on any consideration of the practical aspects of the suggestion but purely, as I told him at the time, from a doctrinaire position of *laissez-faire*, on the grounds that this government does not believe in a publicly owned bank. There were no practical considerations.

I submit that this is a decision based on religious faith rather than on earthy, practical considerations, and of course it is very hard to deal with decisions that are based on religious faith. One has to be very careful about that. However, it seemed to me that that is what it was. My ideas on this score were confirmed when I saw in the bill that is now before us one clause, which I hope to amend before we get through, which led me to think that the minister decided that not only did this government not approve of a publicly owned bank but he wanted to make quite sure that none of his successors would go chasing after false gods. So he has inserted in the bill a clause which will prohibit the government of Canada from investing in a bank. As I said, I am hoping to get that decision reversed by the committee before we get through.

The idea that I have been presenting is not a particularly revolutionary one. I do not think most of us would consider that our Commonwealth cousins in Australia and New Zealand are of a particularly wild and revolutionary temperament, and I am quite sure that President de Gaulle of France would resent it very much if anyone suggested he was presiding over a communist state because the four largest banks in France are publicly owned.