

read they refer to this as being inadequate compensation. Therefore, they accept that there is compensation. Perhaps the other day I suggested there might be some quarrel with that, but they are doing a great deal of work in handling these cheques, and perhaps the act should be changed, and perhaps they should receive some compensation. Why should the government not negotiate with the various banks, have its cheques handled through many, and have its deposits in the one chartered bank with which it is able to make the best deal.

Mr. BRYCE: The government's operations are so enormous that if it kept its deposits at one bank and did all its business through one bank, two things would have to be taken into account. First, that the volume of business is large, and the bank which got the government's business would be substantially affected. If it were done on a competitive basis, you might introduce a new element. Here I am speaking quickly and would not offer this as a carefully considered position. It would also introduce a substantial and new complication into the monetary management because of the shift in deposits between the Bank of Canada and the chartered banks, and the deposit of receipts from bond issues. These things would have to be taken into account by the Bank of Canada in managing the country's monetary supply. If we did our business only with one bank, they would have to take into account the transfers between it and other banks and the effect of that on the banking situation as a whole.

Mr. REGAN: You agree that the possibility of this occurring is a sobering thought to the banking industry at the time they negotiate any compromise in the future?

Mr. BRYCE: It might be. I have not ascertained that.

Mr. McMILLAN: No one bank would have sufficient distribution of offices to deal with it; would it?

Mr. BRYCE: I think we have to distinguish between the cashing of government cheques and the actual handling of government balances. I think that all banks would have to be prepared to cash government cheques because the public wants to be able to take the government cheques to the bank they use, and it is that which gives rise to some of the problems for the banks.

The CHAIRMAN: Do you have any comment, Mr. Henderson?

Mr. HENDERSON: I believe you appreciate that it was not my intention in any way to criticize the Department of Finance in this area. In fact, I think when they set this arrangement up in 1957, they did a good piece of work. I gather, however, that you feel as I do, that this present arrangement does provide the banks with indirect compensation and in fact, as Mr. Regan has pointed out, a reference in their own brief admits that as they are not having to pay interest on the \$100 million this does in fact provide them with indirect compensation, although not enough by their standards.

The CHAIRMAN: Gentlemen, before we adjourn, there is one brief point in respect of an item dealing with the federal judges. Certain information was requested. Mr. Henderson has that information. Do you approve of this being given to me and I will see that it is placed before our meeting when we meet in camera for discussion?

Agreed.

The CHAIRMAN: Thank you very much, Mr. Bryce, having in mind the comparatively brief time you have occupied the office, for coming here and dealing with these matters which I think you have done to the satisfaction of all members.

Gentlemen, the meeting is adjourned. In fact, I think this is the last meeting.