

to move that money out of Canada to, say, the United Kingdom where there is no cash reserve requirement. That volume of business would then be lost to Canada. Or if the Canadian banks tried to retain it, they would have to reduce their interest payments to meet the cost factor of this 3 per cent. If they did not meet the cost factor, then they were in competition with the trust companies and the foreign financial companies which were not subject to the 3 per cent. So they felt the thing was still unfair.

This was the exposure we put in our last report; this was the exposure we made in the several sessions we had with the minister, and latterly in the last session yesterday.

Finally, the situation resolved itself to this: we had to decide what was more important. Was it more important to deal with the situation as best we could so that we could get at it again later, or simply propose an amendment and accept whatever the consequences might be? I think one consequence would be that you would have to assume that if the bill were sent back to the Commons at this stage it certainly would not meet the deadline requirements; that is to say, it would not be clear by Saturday of this week. So finally we decided to put it up to the minister. We do have a procedure in our committee work by which, if the Minister of Finance undertakes that at the next session he will amend a bill in the way in which we think it should be amended, we will report the bill without amendment. This procedure has applied for some considerable time. It goes back to the days of Mr. Benson, Mr. Turner, Mr. Chrétien, Mr. Donald Macdonald, and also Mr. Crosbie, who came to see me in December last year. He had the same type of problem with his income tax act, and he needed the provisions of the amendments for the purposes of his budget, or so he represented to us. He said, "I know that these provisions which we redrafted from the bill of the previous government do not cover the situation fully and that they should be changed." I said, "Well, the procedure is simple. You come to the committee; you tell the story to the committee. Of course, we know that the bill does not cover the situation adequately because we have studied it with our experts; but, if we can agree on the language of such amendments now, and if you will come before our committee and undertake that at the next session an amendment in that form will be presented to Parliament, then we will pass the bill without amendment now." I said, "Remember that that only means the committee is recommending the bill for passage without amendment. It will be necessary, of course, for the Senate to adopt that."

● (1420)

So he appeared before the committee and gave the undertaking. We subsequently reported the bill without amendment, reciting the undertakings, and the bill was cleared without amendment.

That is a simple procedure and in my opinion is quite justified. Certainly up to this date, over all those years as I have recited them to you, there has never been an occasion on which any objection has been taken in the Senate to that type

[Senator Hayden.]

of procedure. As a result, we continue to follow that procedure because we assume it carries the blessing of the Senate.

Certainly, it is an expeditious procedure; it is a sensible way of dealing with that kind of situation, as opposed to, for the glory of it, interfering with the government's legislation at the last minute, when there is no chance of recovering your position. Moreover, by following this procedure you achieve the desired result, and at least to me and the other members of the committee it is the sensible thing to do and I have not heard any voices raised against that kind of procedure.

On this occasion the minister agreed that, if the Governor of the Bank of Canada and the Inspector General of Banks examined the application of this subclause in the bill and agreed with our conclusions, he would follow our recommendation. For those of you who wish to see just what is involved, I am referring to clause 208.(1)(g) of the bill. The agreement was that, if those two men examined the evidence referred to in our various reports on this particular item and examined the projections that we had made as a result of the available evidence, and if they concluded that there was merit in the position that the Senate committee had taken on this point and that, in fact, the provision should be deleted from the bill, the minister would introduce an amendment to delete it.

Having those agreements from the minister, we thought the ends of public interest were being best served by recommending to the Senate that it pass this bill without amendment. However, that is only a recommendation. Because of that I thought it necessary to add these words of explanation, which is why I have taken this time.

**Senator Donahoe:** Will the honourable senator permit a question?

**Senator Hayden:** Certainly.

**Senator Donahoe:** You spoke of the procedure having been followed on earlier occasions and undertakings having been given by ministers. Can you assure the Senate that in all of those cases those undertakings were lived up to and that, in due course, the amendments that had been promised were in fact advanced?

**Senator Hayden:** Yes, I can. I can recall one instance, when we were studying the new tax legislation back in 1968-69-70; we had proposed what some people would have said was an almost infinite number of amendments. Mr. Benson was the minister at that time. He approved of those amendments and agreed that they should be in the bill. He introduced many of them into the House of Commons while that house was dealing with this bill. There were some amendments, however, that he did not get through in time. He was unable to get some of them through in time, so they were not included in the bill. He said, "What can I do about that? They should be in the bill, but I can't get them in now." I said, "Give your undertakings." So he appeared before the committee, gave his undertakings, and during the next session many of those amendments were introduced.