

of credit unions and trust companies to compete successfully with chartered banks for personal savings deposits is attributable to product competition (through shifts in demand) rather than price competition. This suggests not only that the rates of interest paid on personal savings deposits may not be "very important" in contributing to the relative decline of chartered banks, but also that there may even be some question whether they have contributed to the decline at all.

Admittedly, and the author of the article admits it, the study is a tentative one. However, the point I make is that the study has been made and it has been made of Canadian institutions. When I inquired of the Bankers Association whether they had made any comparable studies, the answer was no. They had handed us an idea which, in spite of the Porter commission, can be questioned. There is serious doubt as to the validity of the entire argument presented by the Bankers Association in this field. I do not believe that the Bankers Association wishes to eliminate the finance companies from the Canadian scene. I suspect that they would not mind at all removing the credit unions from the Canadian scene in any way open to them. I doubt that they want to remove the trust companies because the chartered banks themselves are involved in the trust companies too heavily to wish to see them go.

At the same time I doubt that the chartered banks are at all interested in taking over the type of unsecured, high risk loan which the finance companies at present make. When I asked the banks if they would not prefer to see some ceiling put on the interest rates that could be charged by other institutions rather than have their interest rates set, they said no, they were not interested in that kind of control of other institutions. What they are interested in is the profit picture of the chartered banks. This, I would contend in spite of much of what was presented to us as evidence, is a far better picture than the evidence was supposed to convey to the members of the committee. Although the profit picture of some of the near banks is still ahead of that of the chartered banks, they have been coming together steadily and consistently over the last ten years and it will not be too far in the future when they will be comparable again without any change at all in the interest rate. When I asked Mr. Paton, who was appearing for the Bankers Association, if the profit position was satisfactory when compared with that of the near banks, his reply was that "a profit position can always be improved."

Bank Act

I should like to spend a little time on the question of the legislation as it relates to the Mercantile Bank of Canada. This is something that concerns the members of this house because it represents the Canadian government taking very strong, very deliberate action involving a chartered bank and setting very sharply a new set of regulations under which one of the chartered banks can operate in this country. In many ways I think this is the kind of firmness toward a chartered bank that Social Credit has expected of Canadian governments for many years but which has not been applied. Of course there is a difference here because this particular bank happens to be owned by United States interests.

We should not really forget the history of this event or the basic factor in the whole issue, namely, that the bank was purchased by the City Bank of New York from the original Dutch owners, so it was already in foreign hands. I should like to refer to the rather outstanding contribution to the committee that was made by the hon. member for York-Humber on the last day that representatives from the City Bank of New York and the Mercantile Bank were before us. The questioning came very late in the day and was totally unreported in the Canadian press, but it did a great deal to set in focus the important elements. This questioning was not reported in the press because at the moment the press of Canada prefers the black blacks and white whites of anti-Americanism and pseudo-patriotism. It is much easier to deal with than the very complex question of relating economically to our enormous neighbour to the south.

Some very interesting remarks were made yesterday by the hon. member for Nanaimo-Cowichan-The Islands. I am sure hon. members who listened must have thought he wandered far afield when he dealt at great length with the state owned bank in Australia as an example of nationalized banking as some sort of panacea for the economic ailments of the country. Then he was able to turn his argument to the question of the Mercantile Bank. Again, he was developing a very religious argument on behalf of state socialism with a faith which I think I could describe, Mr. Chairman, as touching. However, I am convinced that the platitudes of socialism remain platitudes whether they come from the land of the platypus or any other part of the world or whether it is the home grown variety that we have witnessed in the province of Saskatchewan.