That it is expedient to introduce a measure to amend the Bank Act and the Quebec Savings Banks Act to extend by one year the authority to carry on business for the banks to which these acts apply.

Mr. Olson: Mr. Chairman, last night when the committee rose I was suggesting that there were a number of recommendations and a number of suggestions of the Porter commission that we in this party endorse and agree ought to be brought in as quickly as possible. As a matter of fact I pointed out that there were in this report a number of what might be called new concepts in the functioning of the banking system in Canada that ought to be accepted. I should like to extend those commendations on behalf of this party by including that part of the royal commission's recommendations where it says that the commission also recommends that steps be taken to guard against excessive concentration of the financial system and to outlaw price arrangements among financial institutions. Then this is found at page 369 of the report, where the commission points out:

—competition is an uneasy state and that, however much they may thrive under it, businessmen have an inclination to protect themselves against it.

I think perhaps this is as true in the banking business as in other businesses. The commission also recommends that the Minister of Finance be granted the necessary powers to prevent lending and borrowing agreements among banking institutions, and that there be a limit on the extent of interlocking directorates between banking institutions and other financial institutions. As I pointed out, Mr. Chairman, with this we agree; but when it comes to matters of monetary policy and debt management which are covered in chapter 22 of the Porter commission report, I want the Minister of Finance to know that we in this party take very strong exception to some of the remarks contained in this chapter and to the concept that the commission seems to have adopted. For example, on page 453 the report says this:

Despite a recent revival in a subtle form of the "burden of the debt" controversy, it is generally accepted that domestic interest payments are best thought of as part of a transfer process which has effects on the distribution of incomes and wealth and involves some administrative costs but does not impose other real burdens on the community as a whole.

If $1,035 million in annual interest charges that is paid by the taxpayers of this country is best thought of and generally accepted as not being a burden to the community, we cannot agree and we do not accept this concept at all. The report goes on to say:

Since virtually all of the federal government's debt is held within Canada, the transfer argument applies in our case.

If all the people of Canada had an equal share in the debt of the country, I would suggest that this is valid; but we have only to turn our memories back to 1958, when the federal government chose to call in all the victory bonds that had been issued during the war and convert them to other long term issues. Under questioning at that time the minister of finance was asked, "Where did you find these victory bonds?", because of course most of them were non-registered, marketable securities. He did not give an exact answer as to who owned them at that time, but I think he did say he was alarmed at the number that had been found in the vaults of the chartered banks and the other financial institutions. If it is generally accepted and best thought of that these interest charges that are paid by the federal treasury are a means of distributing some of our income to these financial institutions—if this is the purpose—I think the financial and monetary system of this country has reached a new low in its function. We cannot accept that, Mr. Chairman. Of course, we see that the author of this report takes a swipe at the Social Credit party, when over on the preceding page he says this:

The view that government should pay no interest on its debt, financing its needs solely by the issue of currency, is the *reductio ad absurdum* of a cost minimization approach. Such a policy in conjunction with deficits in the government's accounts would lead inevitably to extreme credit ease throughout the system, an exchange crisis and finally uncontrollable inflation. Many of those who propose this view ignore the physical limitations on economic output, assuming that what can be paid for can be produced at current market prices.

We do not suggest that the government should pay absolutely no interest on its debt. The argument that they use to follow this up is:

Many of those who propose this view ignore the physical limitations on economic output, assuming that what can be paid for can be produced at current market prices.

What we have said is that what can be produced, can be paid for—and not the other way around. What we have said is that what is physically possible should be made financially possible. We believe that if the review and the amendments to the Bank Act that will be coming up, which is in fact a mandatory obligation of this house, is going to be based on this kind of concept in so far as monetary policy and debt management is