

Quebec Savings Banks Act

I should perhaps answer my hon. friend's direct question put to me a few moments ago. These two banks can operate only in the Province of Quebec.

Mr. Howard: What about interest rates?

Mr. Gordon: Same limits.

[Translation]

Mr. Grégoire: Mr. Chairman, I wish to ask the Minister of Finance a question.

Can he tell us if the reduction from 8 to 7 per cent of the chartered banks' liquid reserves applies also to the savings banks in Quebec?

[Text]

Mr. Gordon: Mr. Chairman, I would be delighted to answer as many questions as I can, but I do think it would be more appropriate to do so when we come to that stage of the proceedings where detailed questions are normally put to the Minister concerned.

[Translation]

Mr. Grégoire: Mr. Chairman, I should like to direct a supplementary question to the Minister.

If he were assisted by his experts, perhaps he could give an immediate answer to our questions.

What we want the Minister to tell us is whether the percentage of cash reserves that the Quebec savings banks have to maintain when they grant loans will also be reduced, as proposed for chartered banks. Moreover, can he tell us what percentage of cash reserves the savings banks will have to keep from now on?

[Text]

Mr. Gordon: The same procedure will be followed as in the past, Mr. Chairman.

[Translation]

Mr. Caouette: Mr. Chairman, we should like the Minister of Finance to tell us what the difference is between the chartered banks, concerning which changes were discussed earlier, and the Quebec savings banks? Do these enjoy the same privileges as chartered banks in Canada?

[Text]

Mr. Gordon: No, Mr. Chairman. As I just pointed out, it was suggested by the Royal Commission that the Quebec savings banks be placed, for all practical purposes, on the same footing and be permitted to go in for commercial banking, as do chartered banks. But the Quebec savings banks decided they

[Mr. Gordon.]

did not want to do this, that they would like to continue their operations in the way they have been successfully doing for many years, so there is no reason to force them into a field which they do not wish to enter.

[Translation]

Mr. Grégoire: Mr. Chairman, I should like to direct another question to the Minister of Finance.

Is it not a fact that savings banks have to keep liquid reserves equivalent to 100 per cent of their loans or deposits?

[Text]

Mr. Gordon: Five per cent, Mr. Chairman. May I just point out that I think this is a fairly good example of some of the small differences in percentages about which we have heard so much this evening. We have been hearing all sorts of figures tossed out by our friends in that corner of the House—as an hon. Member says, these great experts in finance, who in my humble opinion, if they ever got their hands on the financial machinery of this country, would bring about one of the greatest financial panics which Canada or any other country could ever experience.

Some hon. Members: Oh, oh.

Some hon. Members: Hear, hear.

Mr. Grégoire: Do not forget the Liberals were in power in 1929.

The Deputy Chairman: Order. The Minister of Finance has the floor.

Mr. Grégoire: May I ask a question?

Mr. Gordon: Well, wait until I have answered the last one.

The Deputy Chairman: Order. The Minister of Finance has the floor.

Mr. Gordon: Whether or not my hon. friend was around here in 1929, I do not know. But I would suggest to him that he look forward rather than backward. I was around here in 1929, and one of the things which sustained this country—

Mr. Churchill: Were you a "whiz kid" then?

Mr. Gordon: No, I was not a Member then—was that the Canadian banks weathered the storm of 1929.

Mr. Grégoire: What about 1937?

Mr. Gordon: Let me finish dealing with 1929. If my hon. friend remembers, this was not the case in the United States of America. One bank after another failed in 1930 and