

At page 367 the report speaks of:

—the long run objective of developing a larger group of well-established banking institutions.

I suggest, sir, that the philosophy of the report is clearly favourable to more competition in the banking field in the public interest.

As regards the requirements for new chartered banks, the report deals with two points. First, there is the amount of capital required. The report approves the present provisions in the Bank Act, and says at page 385:

We conclude, therefore, that the legislation regulating financial institutions . . . should set a relatively low statutory minimum for starting up a banking institution so as not to discourage the entry of smaller specialized companies, but at the same time it should give the Inspector General (of Banks) power—subject to appeal to the Treasury Board—to set such higher requirements as may be necessary to ensure the soundness of enterprises with more ambitious plans, and in particular to absorb the likely expenses of establishment and early operations. This, we understand is the actual position under the Bank Act at the moment.

The report then specifically approves the present requirement in the Bank Act, in these words, taken from page 385:

The present Bank Act requirement that a new bank have paid up capital of at least \$500,000 as a minimum legal requirement seems appropriate.

In this connection it may be noted that funds already received and committed for subscription to the proposed Bank of Western Canada amount to over 25 times as much as the required sum stipulated in the Bank Act and approved by the Royal Commission.

As to the other conditions on incorporation, the report says at page 385:

Other qualifications for a charter . . . should be kept to a minimum although we feel the Act should require that applicants be of sound reputation and proven business experience.

Honourable senators will recall the Government policy on this matter was expressed by the Minister of Finance in the House of Commons on February 28 last when he said, as reported in unrevised *Hansard* at page 347:

I have indicated publicly that the government is not opposed to further competition in the banking field providing that any new bank is adequately financed and is supported by financially responsible people.

We trust that anyone who reads over the list of 100 applicants for the charter of the Bank of Western Canada and of the important financial institutions and private investors who are backing this project with their investable funds, will be reassured that the applicants are of sound reputation and proven business experience and that this bank is adequately financed and is supported by financially responsible people.

The Minister of Finance added one more proviso, namely, "that provision be made for retaining control in Canada."

The Royal Commission expresses the opinion at page 374:

We think a high degree of Canadian ownership of financial institutions is in itself healthy and desirable, and that the balance of advantage is against foreign control of Canadian banks.

The report does not suggest that non-residents of Canada be entirely prevented from owning stock in Canadian banks, but recommends at pages 374-5, that a non-resident bank should not be able to own stock in a Canadian bank without specific application to and approval by the Treasury Board at Ottawa.