

Private Bills

New Brunswick there was one, which failed; in Prince Edward Island there was one, which was merged; in Quebec there were nine, of which two merged and the remainder failed; in Ontario there were 16, of which ten were merged and the remainder failed; in Manitoba there were two, of which one failed and one was merged; in Saskatchewan there was one, which was merged; in British Columbia there were two, one of which failed and the other was merged.

As to those charters which were issued but not used, it is interesting to note the following figures: two in Nova Scotia; two in New Brunswick; ten in Quebec; 13 in Ontario; seven in Manitoba; two in Saskatchewan; one in Alberta; one in Yukon, making a total of 38 charters which were granted but never used.

In so far as the present bank is concerned I feel that the provisions relating to shareholders are an improvement over some of the provisions brought forward by the Minister of Finance (Mr. Gordon) in relation to maintaining Canadian control. The requirement is that a director shall be a subject of Her Majesty and ordinarily resident in Canada. In other words he shall be a British subject resident in Canada. Other legislation merely asks that they be residents of Canada though they may be citizens of any other country in the world. This is an element of Canadian ownership, of Canadian fiscal control in connection with the operations of the bank. There are restrictions also in connection with the registration of shareholders and of shares of non-residents of Canada. I feel it is incumbent upon me at this time to draw attention of hon. members to the history of bank charters as issued in Canada to date, to show that not all the charters which have been issued have seen the successful operation of a bank. The mere fact that we do issue a charter does not mean that there is going to be a successful operation.

We have certain near banks. I do not know about the operations of the Laurentide Finance Company, which would be closely affiliated with this bank, but I rather suspect its operations come within the ambit of what is called a near bank. We have in the province of Alberta not only a number of these near banks but we have provincial treasury branches whose operations come within the regulations of the superintendent of banks.

I do not want to delay the legislation. I am sure other members of this house want to express their points of view with regard

to this proposal. I think it should be examined very carefully. Certainly in committee there will be a number of questions to which hon. members will require more extensive information perhaps than was given before the committee on banking and commerce in the other place, although the deliberations of that committee were of considerable assistance in considering this particular matter.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): I have been interested in this bill and in the two other bills mentioned by the hon. member for Vancouver-Burrard (Mr. Basford) dealing with applications for bank charters. I think I should say at the outset that I have no fears whatever that this bank, if established, will fail because it happens that under our monetary and banking systems it is virtually impossible for a bank to fail. If anyone has any fears about that, then I would refer him to the evidence of Mr. Graham Towers some ten years ago before the banking and commerce committee when we were revising the Bank Act. I think we can be sure this is a question we do not have to bother with today, as earlier legislators had before them the possibility that a bank charter, if issued to someone, was going to be a failure. I believe that is virtually impossible today.

However, this bank interests me. It interests me because of some of the questions that were asked in the banking and commerce committee in 1955 when the small loans companies were under examination because of the amendment to the Small Loans Act that was proposed by the superintendent of insurance. I think it is not too much to say, sir, that there was not a member of that committee who was not deeply shocked by the revelations made at that time of exorbitant interest rates being charged by some small loans companies. I recall on one occasion the revelation of an effective interest rate of 80 per cent on a small loan. I might say at this point, Mr. Speaker, that I am mentioning this because, in the evidence given by Mr. Peter Saunders before the banking and commerce committee in the other place, there was a clear indication of the intention to have a very close association with the Laurentide Finance Company. Therefore I think the operations of finance companies are of interest to us in connection with this application for a bank charter.

There was not a member of that committee at that time who was not profoundly shocked to discover the exorbitant rates