

British International Finance has effective control of the Wellington Financial Corporation and Canadian Finance and Investments. Am I right?

Mr. STEVENS: Yes, in the terms I mentioned.

Mr. HORNER (*Acadia*): Would I be right in assuming that you would have nearly 50 per cent of the paid in capital, of the \$13 million in this proposed chartered bank?

Mr. STEVENS: You mean in our various companies?

Mr. HORNER (*Acadia*): Yes.

Mr. STEVENS: At the beginning that was true. As you will recall, it was contemplated in the proposed amendment to the Bank Act that was introduced in the last parliament, and is also referred to in the Porter Commission Report, that initially there should be an exception made when a new bank is starting. In other words, while it may be considered desirable to have the share ownership of banks spread around into relatively small holdings and certainly no large block, it is accepted, I believe, that initially some organizational group is likely—and in fact it would be very difficult not to do it otherwise—to have a very dominant block in any new bank that is being formed. Our intention is that while we should start with, say, effective control, in all likelihood it would not be maintained, and the suggested changes in the last Bank Act are quite acceptable to us in the sense that we would divest our holding if asked to do so by the Treasury Board or whoever is in authority. We would also agree not to exercise rights or warrants in this type of thing to maintain our position.

Mr. HORNER (*Acadia*): I think Mr. Porter stated in his banking report that while competition between banks is increasingly great, the banks still have a very dominant influence on the Canadian economic system. He also stated somewhere that banks should be broadly based, and that the directorship of the banks should, if possible, represent as many segments of the economy as possible. Would you agree with my summation of that particular paragraph?

Mr. STEVENS: I do not think there is anything wrong with that principle.

Mr. HORNER (*Acadia*): How can you come before this committee stating that you have nearly 50 per cent of the paid in capital of this bank and at the same time agree with the principle that it should be a broadly based bank? I do not think that you are broadly based if you ask parliament to give you a charter whereby you could multiply your money, as somebody said, 20 times.

Mr. STEVENS: Initially it would be difficult to organize a bank and have that type of diversification right from the beginning because two things could easily happen, one is that you would end up in utter chaos and confusion regarding who should take the lead in organizing and establishing branches, hiring management and so on. The second thing that is probably more likely to happen is that the ownership being so widely spread, you would quickly find a fight for control and some group, completely unknown to parliament, could potentially come in and take over the bank. In that sense parliament would have no control over who owns the bank.

Mr. Horner (*Acadia*): What you are saying is that you are better than an unknown factor.

Mr. STEVENS: At least you know us.