

*Private Bills*

commerce committee of the other place, in order to indicate just what has happened with regard to banks chartered by parliament. The first bank charter was granted back in 1822 in the old province of Canada, and between that time and 1867 some 80 banks were created in British North America, of which 35 had survived as of July 1, 1867.

It is instructive to note that those banks incorporated prior to 1867 have exhibited some characteristics of longevity which are rather admirable, because five of those banks or their successors are in operation today out of the total and limited number of chartered banks now in operation. However, as we know, in 1867 banking was placed under the exclusive jurisdiction of the parliament of Canada, and since that time up to the present day 77 further banks obtained charters, of which only three have survived. Of the 112 banks that were active on or which have been incorporated since July 1, 1867, 104 have ceased to exist. Of these, 38 never commenced business. I think it is quite instructive to note this as we go along in that we have three and possibly four proposals to consider this year and it is to be wondered whether they will all actually commence business. Twenty eight of those 112 banks have failed and 38 have been taken over or have been amalgamated with other banks. True enough, because of their limited operations and their limited financial resources it is quite probable that many of the mergers in earlier years were really for the purpose of salvaging the business and they would have failed had they not been taken over by stronger institutions.

We may say that 104 have ceased to exist, including 28 which failed and 38 which were amalgamated, but what did this mean so far as loss was concerned? I think it is an indication of the strength of the Canadian banking system that losses to the public have been only \$15 million over the whole history of banking in Canada, of which half resulted from the failure of the Home Bank of Canada. The sum of \$15 million included only a quarter of a million dollars of bank note holdings, and all of those losses occurred prior to 1882.

The last bank that failed in this country was the Home bank, in 1923. In looking at the structure and stability of our Canadian banking system I think it is very instructive to note that it survived a really serious onslaught during the early depression years. In other countries we saw banks falling by the wayside like grain before the scythe or

[Mr. Lambert.]

mower. But in modern times, in the last 50 years shall we say, there were five banks incorporated which never commenced business. In the period 1913 to 1923, there were six mergers; from 1923 to 1934 there were seven mergers; from 1934 to 1954, there were no mergers; from 1954 to 1964, there were three mergers.

**Mr. Basford:** Would the hon. member permit a question?

**Mr. Lambert:** Yes.

**Mr. Basford:** I presume he is aware of the fact—I am not sure of the point he is making—that since the creation of the office of inspector general of banks in 1924, there have been no bank failures, and that under the modern Bank Act no bank, even after it has been granted a charter by parliament, can commence business until it receives a certificate from the treasury that it is in a position to commence business.

**Mr. Lambert:** This is granted, and I am sure it was as a result of the Home bank failure of 1923 that the office of superintendent of banking was created. This is an indication that the appropriate steps were taken and that control by parliament of our Canadian banking system has been salutary.

Let us have a look at the location of banks that have been incorporated, because it has been indicated there is a certain regional interest in promoting banks today. This is a small example, but we have one called the bank of western Canada with a proposed head office in Winnipeg. There is another, the bank of British Columbia and it will have a head office in Vancouver. There is this Laurentide bank and the petitioners for it are from both Montreal and Vancouver. This may be said to have a national span, but in essence the directors as named in clause 1 of the bill are primarily from Vancouver. They are in finance, the printing business and other businesses.

The hon. member for Vancouver-Burrard (Mr. Basford), who is the sponsor of the bill, has indicated a great desire for a bank with its head office located in Vancouver. I suppose this may have been of some consideration in the establishment of other banks, but perhaps not so much, because of the more limited communications that existed in earlier days. Let us look at the number of banks which have been created since confederation, their location and the number that have ceased to operate. In Nova Scotia, there were four, three of which failed and one was merged; in