

The CHAIRMAN: Yes, there will be an opportunity at that time for discussion and questioning with regard to that point. I understand the principal witnesses and their parliamentary agent will be here for clause by clause discussion.

I now will recognize Mr. Lambert.

Mr. LAMBERT: Mr. Chairman, I would like to follow the discussions initiated by Mr. Macdonald and others with respect to competition and so on, and I am wondering, Mr. Stevens, about your observation that some of the American banks may have somewhat of a lower overhead; in other words, that the overhead costs per se, loaned dollar, or whatever index you want to use, would be lower, and that this is attributable to their higher volume of business.

I also put it to you that some of the chartered banks—and I think this would be one if it was in business—would also come to recognize that a part of the service of a chartered bank is a public service and because of competition they feel they must branch out. We have evidence here of the number of branches that have been opened since the end of the war. Perhaps we might interpret your remarks as you saying: “we will work where there is a lot of cream and leave the skim milk to the others”; in other words there is a certain reluctance on your part to work in the vineyard under the noon day sun. Perhaps a lot of the chartered banks would like to operate in other ways but because it gives public service this is part of the cost of doing business as a chartered bank. I know this is a problem that you will not face, to start with.

In regard to competition I was interested in going back to some of the quotations you gave, particularly from the Porter Report. I found that the interpretation of the word “competition” was somewhat selective, not meaning necessarily competition between chartered banks. May I take the one particularly referred to at page 563 where, under a competitive banking system we see that the commission referred to trust, loan and other companies coming under the banking legislation to compete for commercial and personal lending business. I quote:

We have, however, recommended that all banking institutions be required to maintain uniform cash reserve ratios against their short-term liabilities, the ratio being lower against genuine notice claims than against demand obligations.

Also, reference has been made to the banks being permitted to enter the mortgage field, all this making for competition, to which they refer, and not excluding more chartered banking. But, I would not give it that rather exclusive meaning that you tended to give it in your citations. Mr. McLaughlin's message comes through loud and clear in respect of lifting the ceiling, and so on. Now, dealing with competition and the need for additional banking facilities in western Canada, do you maintain that this is a regional bank and that your funds will be raised by deposit or that a proportion of the funds will be raised by deposits from where you operate? I am subject to correction but it seems to me that western Canada is a deficiency area in regard to capital. Now, if that is so, then the deposits that the Bank of Western Canada would gather unto itself would be either at the expense of other banks or of the trustee loan companies which are proliferating across western Canada at the present time, including your own affiliated companies. Therefore, it does not provide additional credit