

*Private Bills*

present eight. Our economy in British Columbia now is equal to that of the whole of Canada in 1924 and is such as to require, and is certainly well able to support, the head office operations of a new bank.

The other region of Canada to be immediately served by this bank is the province of Quebec. There are two leading French Canadians on the board of directors. Laurentide Financial Corporation has carried on business in the province of Quebec for a long and, I think, happy period. I trust members from Quebec, all eager to see the further development of their province, as I am of mine, will recognize the value of creating additional banking facilities within their province to contribute to the economic development of Quebec.

This is the second bill to come before this house for the incorporation of a bank. Some members have raised the question of whether Canada needs additional chartered banks. Members of the banking committee will want to examine this question in detail. Briefly, however, I would refer members to the royal commission on banking—the Porter report—which throughout makes it clear that in the opinion of the commission there is no hazard to Canada's chartered banking system by the incorporation of additional chartered banks. The Porter report has recommended a more open and competitive banking system. It has referred to the dangers of undue concentration in our banking system. I quote very briefly from page 362 of the report where it states:

There must be sufficient competition among these institutions that borrowers and savers have alternatives open to them.

If the incorporation of an additional bank would endanger the Canadian banking system, one of the finest in the world, any of the existing banks or the Canadian bankers association had the full right and opportunity to come before the Senate committee and say so. They did not. Our Canadian bankers believe, like most members of this house, in the free enterprise system, and believe that the very essence of that system is the free play of competitive forces. We do not believe in the stifling of competition. Surely we cannot believe that our banking system should be left static, and ultimately by way of merger and takeover, fall into the hands of two or three chartered banks. In the last ten years alone the number of banks has gone from 11 to 8. This process should not be allowed to continue.

[Mr. Basford.]

There are those in the house, of course, who do not believe in the free enterprise system. There are those in the house who want to make drastic and sweeping changes in the banking system, but surely they also are not going to use their position in this house to prevent passage of this bill, resulting in protecting the existing chartered banks from further and desirable competition, and resulting in their giving the existing banks a monopoly over Canadian banking business.

There are those who point to the number of branches that we have in Canada, and say that that number is ample and sufficient for the needs of Canada. I suggest, Mr. Speaker, that it is not sufficient simply to say that we have so many branches and that that is enough. Surely a bank is, and must be, a policy making financial institution, whose services may be offered by one branch or by a thousand branches. The paucity or abundance of its branches is nothing more than a convenient extension of its services, but is not an extension of its policies. A bank, no matter how many hundreds or even thousands of branches it may have in operation, is one bank, having one policy, paying one rate to its depositors and demanding one rate from any particular class of borrower. This policy is formulated at head office and simply implemented by the large number of branch managers, and there is certainly not one policy for each branch, but one for the entire structure.

In Canada we have now shrunk to the point where, other than in Quebec and small portions of Ontario and the maritimes, there are only six chartered banks, and I include the Mercantile Bank in this number. In British Columbia we have only six, and in Alberta only five. To me it is self-evident that the person proposing to transact banking business and having eight alternative policy making financial institutions to which to turn obviously is better served than the Albertan or British Columbian who is limited to five or six. To me it is obvious that an increase in the number of chartered banks, thus providing to Canadians and the Canadian economy additional policy making financial institutions, can only be of benefit to the growth and development of our economy.

The incorporation of this bank was endorsed by my own premier, Premier Bennett, who is somewhat involved in the banking business himself, when he made it clear to the banking and commerce committee of the Senate that he fully supported the incorporation of the Laurentide bank.