

Private Bills

Chairman, may not be capable of operating a chain of banks across Canada under a charter there are financiers who are capable of doing so. Third, they must be prepared to operate a banking system in Canada which works for the general advantage of Canada, not solely for the general advantage of themselves. These are the three basic principles upon which my questioning was founded and upon which I shall continue to question this particular application.

I am not going to quote from the committee proceedings; I want to deal in generalities. We have an application before us for a bank charter to set up a bank with a capitalization of \$25 million. Money has been obtained in trust to the tune of something like \$13 million. How has that money been appropriated? Under my criterion that a bank charter should work for the general advantage of Canada, if I alone were granted such a charter I would be more inclined to work for the general advantage of myself because this venture would perhaps be my sole interest. But the general application of my thinking is that the broader based the applicant, the greater the possibility he will continue to work for the advantage of different segments of industry and different parts of the economy of the country. I place a great deal of importance on the fact that such a charter as this should work for the general advantage of Canada and that the applicant should be broadly based, therefore enabling him to work to a greater degree for the general advantage of Canada.

• (6:40 p.m.)

When I was examining this matter initially I was greatly concerned because we were told in committee that the applicants had put up something like \$6 million or more to be placed in trust in the event of the charter being awarded and that this amount had been quickly taken up by shareholders in eastern and western Canada, most of them in western Canada. We also found that the greater portion of the \$13 million was controlled by finance houses owned or controlled by three individuals in Toronto. I said in the committee and I say again to this house: If 50 per cent of the amount they wanted to raise was quickly taken up by proposed shareholders in this bank, why did they not let out a little more? Why did they not let out 70 per cent? The remaining 30 per cent would still provide for effective control of any company. But they wanted to make sure of absolute control by retaining 51 per cent, 52 per cent or 53 per

cent. This raised some doubt in my mind whether these people were prepared to work for the general advantage of Canada or for the general advantage of themselves.

Consider the title of this bank—the Bank of Western Canada. We were told in committee that western Canada is a deposit surplus area. I would not have believed it. I would have thought that we westerners were spending every nickel we get. But the highest banking officials in Canada including a former governor of the Bank of Canada tell us they believe western Canada to be a deposit surplus area. With this in mind we must consider the fact that 53 per cent is to be owned and controlled in the city of Toronto and that something like 20 per cent of that 53 per cent is owned by trust and finance companies in eastern Canada. Then we should ask: Who will benefit? Where is western Canada's deposit surplus likely to go?

I am not a man who is suspicious by nature. I may be a born optimist. But when I link these two things together I have a tendency to become suspicious. It may be said that finance houses and trust companies are institutions of which many people are suspicious to begin with. I do not think I can be classified in that group. But throughout these proceedings I asked questions in an attempt to set aside the fears which were evidently in my mind with regard to the present application. At no time were these fears set aside by the witnesses.

It is well known that in the course of this summer parliament will have to deal with the Bank Act. Consideration of amendments to this legislation has been postponed for two years. Why should this application not wait until the Bank Act has been dealt with. This would clear up the doubt about foreign ownership and about the limitation on the interest rate. We would know how this application would fit into the new Bank Act. We would also know whether or not the applicants are trying to take advantage of the situation in which we find ourselves today in Canada where those granted bank charters may charge interest only up to a maximum rate of 6 per cent. In other words, they may want to get in while the going is good and then, should the maximum committee interest rate be increased to 7 per cent, they would be in a position to take advantage of it.

Mr. Walker: Is the hon. member aware that this bank has expressed a complete willingness to comply with any regulations which