

Private Bills

There is no financial group promoting this bank with the intention of having financial control of it through their stock holdings. The provisional directors are in fact the actual promoters, and the plan to be followed in raising the bank's capital will ensure that there will be no in-group with such financial control. Further, the provisional directors have engaged the services of a firm of financial consultants in Montreal, Chartec Limited, for the purposes of making a survey of the market and giving an opinion and report as to the feasibility of obtaining the required money through a public issue in Canada, with the stock being sold by many brokers all over Canada and being distributed as widely as possible. As appears from Chartec's report and the evidence which they gave before the Senate Committee last autumn, an assurance has been given that a sum which is adequate, namely, \$20 million, can be raised in this way.

The chartering of a new bank at this time will make available additional money and financial assistance to assist business and increase employment. The chartering of a new bank at this time will also provide fresh, vigorous competition in a most vital area of our economic life in which, because of mergers and other reasons, the general trend in recent years has been very much in the other direction.

Each of the provisional directors comes from outside the normal banking establishment. The new bank will unite Canadians of all backgrounds in a concept which will be Canadian all the way. In conclusion, Mr. Speaker, I would like to say that I believe there are many things about its concepts and plans which should commend this proposed bank to all Canadians and to the members of this House.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I have listened with a great deal of interest to the remarks of the hon. member for Parkdale (Mr. Haidasz) concerning the necessity and desirability of having an additional bank, particularly one based on regional criteria. For many years I have been of the opinion that we should nationalize the banking institutions. When you have a good proposition and go to a bank manager he is apt to allow you to borrow money. If you have a proposition that is not so good, it is not likely that you will be able to borrow money from any bank. If you have a really poor proposition even a bank manager will tell you that you had better go to a finance company. If you do that, and the finance company agrees to make a loan, it in turn will borrow the money from a bank because finance companies in general are able to get their pound of flesh even if things go wrong.

• (1710)

It seems to me, and I may be wrong, Mr. Speaker, that there is absolutely no competition in the banking field. Recently three banks applied to Parliament for charters and in each case the reason given was that a regional area was not properly served. Two banks were given charters but one was not able to raise the money, for reasons that I shall not go into now. The other is operating, I presume successfully, in British Columbia. I suppose whether Mr. Bennett keeps his money in that bank is a political question, and whether a province should have some say in the operation of the banking institution is also open to argument.

Every time I pick up a newspaper and learn that the bank rate of, say, the Bank of Montreal has increased by a quarter of one per cent, I can be sure that by the next day the other banks will have raised their rates. This happens all the way up to 10 per cent. Banking institutions in Canada would find it difficult to say that they are meeting the needs of the public. They are no more justified in charging 10 or 11 per cent than they would be justified in lending at 2 per cent or 3 per cent if there were no takers, as is sometimes the case today. Some banks are making telephone calls to customers asking them to borrow money because they have more than they are lending.

As was indicated by the hon. member for Parkdale (Mr. Haidasz), the Senate probably operates in a more businesslike manner than we do in this field and there is a good reason for that. Very few Senators have not been given a directorship in some company and many are on the boards of two or three banks. I believe the chairman of the Standing Senate Committee on Banking, Trade and Commerce is a director of a very influential company in the Canadian banking field. The committee hired Chartec Limited of Montreal to find out whether ownership of this bank was to be in the hands of as many Canadians as possible. The bank was to have an initial capitalization of \$20 million and the provisional directors were in no way to control the bank financially. The firm of Chartec Limited and its members were to have no financial interest in the actual sale of the shares.

This company interviewed 71 people in Toronto representing 28 investment firms and 18 institutions. Their comments were summarized in the proceedings of that committee, No. 37, at pages 7 and 8 as follows:

One, investor interest in Canadian chartered bank shares in general is high, in view of the high return on capital investment. Investor interest in the United Bank, solely on the grounds of the provisional board's responsible and deliberate actions to date, has given the impression that the investor believes that the basic policies of the bank will ensure a profitable operation.

Two, one crucial factor in investor interest has been the desire expressed by the provisional board that no one group, or small combinations, will control this particular bank—

Three, institutional investors, brokers and dealers are particularly conscious of the role that they can play in realizing what so many Canadians want at this point in our history, that is, a broader genesis and control of emerging Canadian industry. With their leadership, a public issue will be successful.

Four, the deliberate attempt by the founders to involve a group of Canadians from all walks of life, to ensure the bank's particular responsiveness to the changing Canada of the seventies was fully endorsed.

Finally, the regional concept of the bank found great acceptance.

Mr. Speaker, I have an inkling, and it is just that and not backed by any solid information, that this bank will probably end up as a depository for moneys being made in Canada by the Mafia, not only from legitimate business but in investments from other areas as well. It is well known that the building trades are very interested in becoming involved in this bank. We are aware that building contractors make arrangements not only with their employees and allied trades but with banking institutions. Because there is so much construction going on in the city of Toronto, this appears to me to be a lucrative way of not only obtaining capital for the contracts, but also of being a very good place to put legitimate money and money