

In El Salvador, the account continues, popular pressure induced the authorities to prohibit U.S. banks from soliciting savings accounts.

It is obviously not the place here to judge the credibility of the above statement except to recognize that the charge of draining local resources and outside (sic arbitrary) control is a familiar one in Latin America. While American banks challenge the truth of these statements, it is sufficient to observe that the attitude does exist among some residents of these nations. Its statement here neither dignifies nor lessens its verisimilitude.

Canada

The case enjoying the most prominence at the present time is the revision of the Canadian Bank Act, so as to limit the growth of a Canadian bank, which recently came under American ownership or require the divestiture of at least 75 percent of the stock. The legislation requires a stock ownership of a Canadian bank by any single individual or firm be limited to 10 percent except where a larger percentage is now controlled. Asset expansion of a bank would be limited to 20 times authorized capital when that bank is more than 25 percent owned by one group.

In spite of the fact that the Canadian bank in question had been owned by Dutch interests for many years, a proposition by the First National City Bank in 1963 to acquire the stock was looked on with disfavor by the then Finance Minister, Walter Gordon. While the facts are in dispute, it was charged by Gordon that the acquisition of the stock was consummated in spite of a request to await the new bank act revisions. His view had been that, if approved, additional American banks would inevitably be attracted to the Canadian market. Gordon, it might be noted, has been a vigorous proponent of a policy of "repatriation" of Canadian industry which, of course, has seen increasing ownership penetration by American interests. While there is considerable Canadian political support for Gordon's position, the Canadian banking industry is said to favor elimination of the restrictions on U.S. ownership, in part fearing retaliation on the Canadian bank agencies in the United States and its possessions which do a large international money market business.⁷

Scandinavia

Swedish banking law is very specific in stating that a bank's founders, its directors and its stockholders must be Swedish citizens, thus effectively impairing foreign banking in that country. At least theoretically, however, foreign banks could establish operations if their function was entirely confined to a lending agency. Because of the severe currency control, however, it is unlikely that even such limited function offices would be approved or could be effective. While representative offices might be possible, not only would they be subject to the provisions of the currency control regulations, but also it is likely the offices could not even use the word bank in their title. While Swedish prohibitions against foreign banks are a matter of long standing, these prohibitions are, in fact, matters of law that could be

⁷ This account is taken from stories in the *American Banker* issues of May 23, July 7, July 11, July 13, July 22, Oct. 10, and Oct. 14, 1966, and a story in the *New York Times*, July 17, 1966.