

serve is 26.26 as against 17.04, and in proportion to total assets 3.12 as against 2.55.

Mr. OLIVER: Was that the actual value or the value set down in the books of the banks?

Mr. NICKLE: That is just what I was going to enlarge upon. The figures proved themselves of very little value, because, being addressed by the hon. member for Digby (Mr. Jameson), Mr. Pease said that these did not represent the true value of the real estate but the value of the real estate as given in the returns, and he set out in his evidence that in the bank which he particularly represented he thought their equity was between \$4,000,000 and \$5,000,000; in other words, that the real estate of the Royal Bank was undervalued in its statement to the Government by some \$5,000,000 or that it was put in at about half its proper value. I quite agree with what the hon. member from Edmonton (Mr. Oliver) says that, if at the present time there is no section in the Act which compels the observance of this provision, it certainly is time that Parliament took such steps as would make the public aware of the amount of the funds that are invested by banks in real estate, and what is the true value of this real estate so that the people may have some adequate idea of what the profits of the bank really are. If this system is allowed to continue, if values are to be written up and written down, the bank can make a stated rate of profit and the people at large, particularly the shareholders, have no means of accurately knowing whether the bank is being concerned in a businesslike, or in a lawless, manner and whether the banks are really becoming speculators in real estate.

Mr. SHARPE (North Ontario): Before the minister replies to what has been said by the hon. member for Kingston (Mr. Nickle) and the hon. member for Edmonton (Mr. Oliver), I would like to say a word. I paid particular attention to the evidence given before the Banking and Commerce Committee relative to this question and from the evidence that was adduced there it was apparent that clause 79 of the Act was a dead letter. Every bank in existence is violating the terms of that section. There was an amendment moved by the hon. member for Queens and Shelburne (Mr. McCurdy), I think, requiring the banks to make a return of the assessed value, in addition to the nominal value of real estate held by them. But the committee, in its wisdom, voted that down. There was much evidence given that the value of real estate as put in the bank's returns was not indicative of the real value and, as pointed out by my hon. friend from Kingston, this is a grave injustice to the shareholders of the

Mr. NICKLE.

bank excepting those who are on the inside. Only the board of directors, with the statement as it is now, know what the real value of the real estate is; consequently they have an advantage in buying and holding the stock of the bank over other shareholders. It is a great injustice to the shareholders or to any person who desires to purchase the stock. I agree with hon. members who have supported the contention that there should be some limitation to the right of banks to speculate in real estate and compete in that regard with individuals. The banks are strong financial institutions and there is no reason why they should invest the money of the depositors in the purchase of expensive corners and the erection of sky-scrapers. A corrective of this would be a provision by which the minister would be empowered to compel the banks to make a return at stated intervals of the real value of their real estate holdings. The minister might use his influence to compel that return to be made perhaps once a year and also to compel the banks to correct this grave evil in connection with our banking system.

Mr. WHITE: As has been stated, the committee had before it an amendment providing that a return should be made of the assessed value of the several offices of the banks throughout the Dominion. I think it was felt that the assessed value was not a good criterion of the real value, because the assessor is very apt to take the value of the land and add to it the value of the building having regard to its cost. That would not be a proper way of estimating the value of bank premises. I have given the matter a good deal of thought, and I am in favour of a return which would not be misleading in character, and yet would give a general idea to the public of the value of the premises held by banks in the Dominion. I have an amendment along the lines of the amendment moved by my hon. friend from Westmorland (Mr. Emmerson) and by my hon. friend from Queens-Shelburne (Mr. McCurdy) in the committee. My hon. friend from Edmonton (Mr. Oliver) seemed to think it would be better, instead of having a valuation of the premises as of to-day, to have a return showing how much money had gone into the bank premises; but I submit for his consideration that that would be misleading, for the reason that the banks have been in operation in Canada for many years; the Bank of Montreal almost a hundred years, and many properties acquired years ago at a very low cost have become extremely valuable. I should more highly value a return, so far as it can be ascertained, of the fair valuation of bank premises to-day. I will give an illustration to my hon. friend (Mr. Oliver)