

The bank shall show in its monthly and annual statements the real value of its real and immovable property, giving detailed particulars.

I submit to the committee that there should be some limitation upon banks with respect to the percentage of capital that they may be permitted to invest in real estate for their own use. If they were to confine the use of real estate to their own purposes, perhaps it would not be so objectionable; it might be left to the discretion of the directors to decide as to the character of the offices required. But in many cities of Canada, if not in all, and in many of the large towns, private individuals have complained that the banks are in a position to acquire the very best sites, and to expend large sums of money in the construction of buildings, not merely for their own use, but for leasing in competition with other real estate owners. Now, the banks are limited to the holding of real or immovable property for their actual use and occupation, but they defy the law. If we were to pass this section as proposed, they would violate it. We must recognize that at this moment they are violating the law, and investing in real estate beyond that required for their own use. We must recognize the conditions, and, recognizing them, we must apply a remedy in some form, we must legalize at least what the banks are doing to-day, or if deemed advisable, limit the percentage of expenditure of their capital and reserve on real estate. They are in the business to-day. I called the attention of the Banking and Commerce Committee to a letter which I received from a prominent gentleman in Charlotte-town setting forth very strong complaints in that regard. I do not wish at this moment to move the amendment that I moved before the Banking and Commerce Committee, but it seems to me that the minister might fairly take into consideration these two points, first, as to whether the banks should not be limited in these investments and, secondly, as to whether, if they are permitted to make these investments they should make a statement monthly to the minister as to the amount they have thus invested. I am not so urgent with respect to the first feature, although I think there is a wrong which requires a remedy. We all know that the bank statements to-day represent not a tithe of the amount that the banks have invested in real estate. Everybody knows that; the banks will admit it. Many banks merely put in their statements nominal sums in comparison with the amounts that they have invested in buildings throughout Canada. You eliminated the clause with respect to interest because you recognized that the banks are charging more than seven per cent in face of the declaration of Parliament prohibit-

**Mr. EMMERSON.**

ing them from doing it. You wiped out that section because you did not wish the banks to be placed in the position of violating the law. Now, for the same reason, it seems to me that it is necessary to amend this 79th section in order to legalize what they are doing, but if you do not, then let the country know because we are giving them a franchise and the country has a right to know. Let there be a statement of the actual values, let publicity be given to the facts as they exist, let not this hypocrisy and deceit continue as it has continued for many years. I think I am speaking within the bounds when I make this statement and I would ask the minister simply to give consideration to these features and particularly with respect to publicity of the facts.

Mr. WHITE: The matter to which my hon. friend has drawn attention is one of very great importance and one very difficult to deal with. There is no doubt that under the present legislation it is the intention that the banks shall hold real estate only for their actual use and occupation. I think that the reason for that legislation is this: It is a sound principle of banking that banks should invest their money or loan it upon securities of a character and that they should not be permitted to invest their money in fixed capitals. They should invest it in circulating capital so that they would better serve the purposes of the commercial community. It would be an absolutely unsound principle that banks should be allowed to invest any considerable proportion of their total assets in real estate. That has been tried on some occasions in the financial history of the world and always with disastrous results. The banks should loan as much of their money as possible in liquid form and for short dates and as little as possible in the way of furnishing fixed capital or in real estate. Under this section 79, the banks have acquired sites throughout Canada—

Mr. EMMERSON: And the very best available.

Mr. WHITE: I will come to that in a moment. They have acquired sites throughout Canada, and in some cases they have erected buildings for their own use and occupation, and no portion of these buildings is rented to outsiders. The banks are very desirous of obtaining the choice corners because there is very active competition among the banks for business. It has often been said that there is a combination among the bankers, but I think nothing has been shown more clearly before the committee than that there is a very active competition among the banks for business. The result is that, as I have said, the banks compete amongst them-