and 192 of Bill C-14. The second relates to the exemption of term deposits from reserve requirements, which is referred to in clause 204.

While these two amendments may at first glance appear to be unrelated, they are, I think, two branches of the same tree.

Clauses 175 and 192 should be amended to provide that the 10 per cent limit imposed on banks be extended to and include mortgage loans by the banks and their subsidiaries, which is the present law. Clause 204 should be amended to provide that the banks be required to maintain reserves on term deposits with the Bank of Canada, which they must now do under the provisions of the present Bank Act.

Very briefly, some of the major considerations which have been worrying some of the members of the committee are as follows:

(1) It may well be that the chartered banks are taking over too large a share of the financial operations of the country and the business community. It may well be that extending and adding to the powers of the chartered banks will allow them to become too dominant in relation to other financial institutions serving Canadians.

(2) Before the 1967 revision of the Bank Act, in general terms a bank was prohibited from lending money on real estate. I quote from the Second Edition of Falconbridge on Banking and Bills of Exchange:

> The object of this prohibition and, to a less degree, that against engaging in trade or business or dealing in the buying, selling or bartering of goods, is to prevent a bank from locking up its assets and to oblige it to keep them in the form that renders them most available.

In the 1967 Bank Act, the banks were given, for the first time, the power to lend on mortgages, subject to an overall limit of 10 per cent of their total deposit liabilities. Let me here point out that the overall limit of 10 per cent did not apply to loans made under the National Housing Act, the Farm Improvement Loans Act, and the Veterans' Business and Professional Loans Act. A bank could loan money on mortgages under the provisions of these acts in addition to the 10 per cent allowed by the Bank Act. If the banks are given the right to have mortgage loan subsidiary companies which can lend without limit, it would seem that the draft bill would destroy the effectiveness of the 10 per cent limit contained in clause 175.

The provisions of the draft bill would permit the banks an open-end "no limit" policy for mortgage loans. In these circumstances, the question of the liquidity of the banks referred to by Falconbridge could become a matter of concern at some point down the road. Possible concern on the matter of liquidity may also arise as a result of the draft bill releasing the banks from maintaining reserves with the Bank of Canada in respect of term deposits.

My concern also arises from representations made to the committee by the trust companies. These companies argue that the unlimited right to lend on mortgages and the release from the reserve requirement will do great harm to the share of the financial and mortgage business which they now enjoy, without any benefit to Canadians as a whole. In addition, the trust companies carry on a very important general service to Canadians because of the fiduciary portion of their operations, whereby they act as trustees, executors and general financial agents and consultants.

When the bill does come before the Senate, the question may arise as to the ability of the banks to compete with trust companies and consumer loan companies. I have here some figures showing earnings per share during the past 10 years and the past five years for the five major banks, three trust companies and three loan companies, which will clearly illustrate the ability of the banks to compete under the present provisions of the Bank Act. I would ask the permission of honourable senators to have these figures included in my remarks at this point.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

EARNINGS PER SHARE DATA BANKS,
TRUST COMPANIES AND LOAN COMPANIES

Below are the 10 year and past 5 year earnings per share or balance of revenue per share compounded growth rates of the 5 major banks, 3 trust companies and 3 loan companies, for the periods 1968-1978 and 1973-1978.

	1968-1978	1973-1978
Banks		
Royal	14.6%	14.9%
Commerce	14.4	14.5
Montreal	12.0	18.4
Nova Scotia	17.4	16.5
Toronto Dominion	18.0	15.1
Trust Companies		
Royal	11.6%	7.9%
Canada	12.2	14.2
Canada Permanent	13.0	5.5
Consumer Loan Companies		
IAC	6.7%	3.1%
Traders	10.8	7.1
Laurentide (1969-1977)	6.9	8.7

Senator Cook: I trust I will be forgiven for taking up the time of the Senate to outline briefly and in general terms my fears should the bill, as drafted, become law. Once again I point out that I am not alone in having such fears, and I am confident that once the bill does come before the Senate from the other place other honourable senators will express more