

that Parliament is not justified in allowing the Bank Act to go through with that condition existing within its knowledge.

My hon. friend the Minister of Finance spoke of the advantage of the banks keeping a large amount of money in New York so that it would be available in liquid form to meet the demands from time to time. I was very greatly impressed with the view he then expressed, and not having heard at the moment from my hon. friend from Carleton (Mr. Carvell), I was rather inclined to support it, and I am still so inclined; but if there is any necessity for the banks to keep millions of money in New York in order that that money shall be in liquid form, there is just as much necessity for them not investing their money in assets upon which they cannot realize, and upon which, if they were compelled to realize, they could not get more than say fifty or twenty-five cents on the dollar. I say it is just as necessary that their capital held in Canada should be kept in liquid form as that the capital sent to New York should be kept in liquid form. The fact remains that the banks invest enormous sums in sites and buildings, and if the money so invested is the money of their depositors, they are using it improperly. If they make those investments out of their profits, their profits are unquestionably excessive. The admitted fact that the value of these investments is not disclosed in the returns which are made from time to time to the Government is evidence of an impropriety that certainly should not be permitted and this should not go through Parliament without a thorough sifting and without such legislation as will produce a satisfactory readjustment. With evidence before us that millions of money are invested in real estate and in buildings, it is right that the shareholders and the country should know how much money has been so invested. It is not a question of what the value of these buildings is today as going concerns or what would be their selling price in case the bank vacated them; the question is, how much of the money of the depositors and how much of the profits which have been taken from the borrowers have gone into the purchase of these properties or the erection of these buildings? It is admitted on all sides that an excessive amount of money has been so employed. I assert that it is not only the right, but that it is the duty of Parliament and of the Government, before this Bill is assented to, to find out just to what extent that condition exists and to make such provision in legislation as will prevent any impropriety that exists in connection with it at the present time being continued.

Mr. NICKLE: Perhaps it would be only fair to say to the House that it was not for want of effort that the Act was not amended so that useful publicity would be given to the holding of real estate by the various banks of Canada. But we were met by the fact that no more lucid language could be used than that of section 79 as drawn in the old Act and as drawn in the present Act. There could have been no more clear cut enunciation of the principle that the banks should not hold real estate than the wording of this section which reads as follows:

The Bank may acquire and hold real and immovable property for its actual use and occupation and the management of its business, and may sell or dispose of the same, and acquire other property in its stead for the same purpose.

Section 83 specifically makes a declaration against continuing loans being made by banks on real estate. The whole purport of the Act, is that the banking institutions should provide ready money for the commerce of Canada. But during the consideration of the Act before the committee we found that while the banking interests readily admitted that the declarations of the Act were against the holding of real estate, they were equally bold in their declaration that they had ignored the restrictions of the Act. Let me call the attention of the committee to the statement of Mr. Pease, general manager of the Royal Bank, who gave evidence before the committee. Clause 79 of the Act was read, and he was asked:

I was asking whether you interpreted that clause to mean that the banks should not acquire or hold real estate in excess of what they occupy?

To which he answered:

That is the intention of the clause and so far as the Royal Bank is concerned, we have tried to live up to it, and I do not think that we have transgressed. We have one building of fifteen storeys which we inherited. We have five buildings of four storeys, twenty-six buildings of three; seventy-one of two; and sixteen of one, making 119 buildings in all. We occupy forty-three exclusively for our own purposes.

Mr. AMES: Or as tenants.

Mr. NICKLE: Or as tenants in other buildings. Then, in answer to the minister, Mr. Pease said:

I have a statement here showing the position of the banks in Canada as a whole. The proportion of bank premises to paid-up capital is 32.86, to capital and reserve 17.04, to total assets 2.55, and I have prepared a statement showing that in Scotland by comparison the proportion of bank premises to paid-up capital is 47.97 as against 32.86 in Canada. The proportion of capital and re-