

*Canada Trust Company*

**Mr. Arnold Peters (Timiskaming):** Mr. Speaker, we appreciated the remarks of the sponsor of this bill, particularly in view of the fact this company is, as he stated, a Canadian-owned company operated by Canadians. Many things have been said in the past few months regarding private corporations in Canada and the fact that Canadian capital is not available in our financial community to develop corporations. It has been said on many occasions that it has been necessary for hon. members to sponsor foreign-owned companies. Therefore the history of this company is exceptional and the state of its financial report would indicate that it has had absolutely no difficulty in finding money and no need to ask parliament to allow it to increase its capitalization. It is now asking parliament for authority to increase its capitalization by almost four times.

I went to the library to find out who owned this company and its genetic background. I was surprised to learn that this was a rather exceptional company, or at least an exception to the general rule, in that the mortgage company owns the trust company. The situation is almost always the other way round. Usually the trust company owns the mortgage company and in many cases has numerous other companies under its control. There is probably some significance in this fact although it escapes me, not being very skilled in the field of economics.

It was interesting to note in looking up the genetic background of this company that it started from a mortgage company rather than a trust company. I am interested in what appears to be a phenomenon in this regard. It appears to have been highly successful for a century in a field in which many other companies have failed. A number of companies have gone bankrupt and, between you and me, Mr. Speaker, it is fortunate that this company was not among them.

This company has the name "Canada Trust Company". This name may carry a certain amount of prestige or an intimation of government support, at least in the minds of the public, because of the word "Canada". One might guess that this company was owned by General Finance, Avco, the Delta Corporation or any other major financial corporation which used the name "Canada" to its advantage but our detriment.

I was surprised when reading the reports from the other place to note the interest of senators in the ownership of this organization.

I was surprised to find that certain senators questioned the legitimacy of this company expanding its financial position, mainly because it was not known whether it was foreign owned. Mr. Humphrys was quite definite in his understanding that there was no foreign control of this trust company.

We are all familiar with the pattern of the history of these companies. It seems to me that the history of this company in comparison with other companies is reversed. It seems to have wanted to establish a bank to obtain the financial resources that would allow it to lend money through the finance company rather than the bank itself. The method being used at that time is probably not necessary now because of the increased bank rate of interest which in some cases surpasses that of the finance companies in their lending programs. On a number of occasions finance corporations have come to parliament to establish banks. Therefore I fail to see the significance of bank ownership of this trust company. I think the fact this corporation is owned by a mortgage company would further complicate the matter.

• (6:10 p.m.)

The company is seeking to increase its capitalization from \$5 million, as it has been since the turn of the century, to \$20 million. The company, of course, started out with a smaller capitalization in 1894. At that time it was only \$500,000. I think this is an indication that there is a role for Canadian owned trust companies. It is a role legitimately being played by this company. It has been supported to the extent of increasing its capitalization tenfold and it is now asking for it to be increased by \$15 million.

The sponsor of the bill has pointed out that borrowings are limited by law to 15 times the excess of assets over the liabilities. I presume the relationship between assets and liabilities will vary not necessarily in relation to the capitalization of the corporation but according to the type of loans it makes and the call made on particular mortgage fields. To some extent it will also vary according to the portfolios the company holds. I suggest that the portfolios held by Canada Trust Company are very significant. They have total demand notes as of December 31, 1967, of \$1,296,333. Changes since 1966 amounted to \$1,153,667. This indicates a very large turnover. In addition they hold a great number of shares in many corporations. I am sure those interested in accumulated investments of one type or