On the same page, the commission recommends:

The removal of those two restrictions, that is the 6 per cent interest rate ceiling and the prohibition on mortgage lending by the banks, because they interfere with competition, they decrease the supply of essential financial services and force the borrowers to apply for funds to costly sources.

Again on page 364, the commission said:

When market rates are high, banks would undoubtedly raise their own lending charges but the force of competition and the higher deposit rates necessary to attract funds would temper the tendency for bank earnings to rise and thus limit the amount of additional business they are able to obtain.

Also on page 364:

As already noted, the banks have only been able to compete in the personal instalment loan market —in which they have substantially improved the facilities and lowered the average cost of funds.

With regard to the disclosure of real and total borrowing charges on a loan or an advance, clauses 92 and 93 will oblige the banks to do so when they issue credit to a person with regard to loans or advances payable in Canada, or will give a person a loan or an advance payable in Canada.

Clause 60, subclause 2, paragraph (c) and the new Schedule "P" will oblige the banks to disclose to their shareholders, the Minister of Finance and the general public, their reserve accumulated for losses on loans and investments. Also clause 60, subclause 2, paragraphs (a) and (b), clauses 103 and 106 and the amended Schedules M, N, O and Q will submit more information on revenues, expenses, assets, liabilities, accumulated credits, to cover losses incurred by the bank on its investments and loans profits not carried, and those statements, will go either to the Minister of Finance or to the general inspector of banks, or to the shareholders and the public.

If the Canadian parliament passes clause 77 as it appears in the reprinted Bill No. C-222, banks will be authorized to issue unsecured bonds.

• (4:20 p.m.)

Clause 88(5)(b) of Bill No. C-222, read for the first time on July 7, 1966, reads as follows:

—claims not exceeding five thousand dollars in any one case for money owing by a manufacturer to a grower of perishable products of agriculture that are direct products of the soil for such products grown by the grower on land owned or leased by him and delivered to the manufacturer during the said period of three months—

Mr. Chairman, this same clause as amended adds the dairy products to the perishable products, and the maximum has been raised from $5,000 to $7,500. The period that immediately precedes the date when this order has been made or this assignment completed will be six months instead of three.

As regards the establishment of agencies in Canada, I agree with the views expressed in the 22nd report of the committee on finance, trade and economic affairs, tabled in the house on Friday, March 10, 1967.

Mr. Chairman, several other questions were examined and discussed before the committee, as for instance the definition of banking operations and of the dividing line that should be drawn between banks and other institutions. In this connection, following the evidence given by a witness who had just expresed his views concerning the definition of banking operations, I remember having said the following:

I believe, Mr. Chairman, that the members who were in charge of the 1954 decennial revision acted in a wise and practical way when they gave the following definition of a bank: Bank means a bank referred to in Schedule A, to which this act applies (Section 2, subsection 1, paragraph (c) and Section 4, paragraph (a). The Porter commission says the following, concerning such a definition, on page 411:

—As far as we have been able to determine, Canada is not alone, for we have not come across an exact definition of banking in the statutes of any country, in view of the difficulties of a narrower definition.

As regards activities of foreign banks in Canada, the committee held several meetings in that connection. Our banking legislation never stipulated anything concerning the establishment of agencies in Canada, even though Canadian banks have an important volume of business operations abroad. At present, the legislation concerning banks and banking operations does not prevent any foreign bank or any other group of non residents from acquiring a majority percentage or all the shares of an existing Canadian bank or applying to the Canadian parliament for a new charter. I should like to quote some comments of the Porter commission as found on page 374 of the report.

Ownership of one bank by another is a somewhat different matter. While this has been prohibited among Canadian chartered banks, and should continue to be, no such prohibition applies to the acquisition of part or all of a Canadian bank's capital by foreign banks. Of course, if foreign banking interests want to establish a new bank in Canada, they—like any other group—are required to obtain Treasury Board approval. However, there is no provision for the authorities to control in