

we should probably be nearer the mark if we state that, instead of having expended \$37,000,000 for bank premises Canadian banks have expended \$50,000,000. At any rate, according to the Government returns, there are over five dollars and a half invested in bank premises to-day for every dollar which was so invested in 1900.

The hon. Minister of Finance stated a few moments ago that there is much competition between Canadian banks to-day. I quite agree that there is, and probably too much in some ways; but I have no hesitation in expressing the opinion that banking competition has run along altogether wrong lines in this country in the past few years, and one of the errors is illustrated by the figures above given.

In 1889 there was one banking office for each 11,700 of our population; to-day there is one banking office for each 2,560 of a population. The attention of each one of us has no doubt been arrested, in walking along the streets of almost any city in Canada, to observe the close proximity of banking offices to one another. There is an old saying that 'misery loves company': evidently the 'Canadian branch bank loves company.' I have nothing to say against the enterprise shown by banks pushing into new and promising territory when the requirements of the territory demand the facilities of a banking office; but how often have we seen branches opened up in barren territory by rival banks, only to be abandoned by one or the other later, and the losses incurred by this rivalry loaded on to the operating expenses of the bank. In many of our large cities, branch offices are opened in premises much too expensive for the business proposed to be carried on. It is not unusual to see two, three or four banks facing each other on opposite corners and looking for deposits, which district would under the present system, be as well taken care of by one of the two, three or four. If the competition would take another and the natural form of increasing the interest rate paid on deposits, it would be more welcome, I have no doubt. The point is that these expensive offices, running at a loss, must be charged up against the profits of the parent bank, which leads up to the argument advanced by the bankers, that the cost of operation 'spread' between the deposit and the discount rate. I think the attention and supervision of some official, perhaps the minister, might be directed to this abuse, and a saving in expenses effected which would allow a more moderate 'spread' to exist in the rates mentioned. The decrease of the ratio of the public served by branch banks, which as I have stated has decreased in twenty-four years from 11,770 to 2,560, is due to a considerable extent to

this unnecessary duplication of branch offices.

It would appear that we shall never get back to the day of small banks, when, owing to their economical management, depositors could get four per cent and lenders borrow at six per cent, and I may say in passing that these conditions exist in the United States to-day. But we should at least, I think, effect that the banks shall, in return for their franchises, give us a service economical and useful from the customer's standpoint. Theoretically it ought to be more economical to conduct the banking business of the country by the large banks than by the old small bank; but if economy is not practiced and losses in operation make it impossible to accommodate the public with most reasonable rates an undue burden is placed on the merchant and manufacturer, and all those who use a bank's services, and industry is hampered.

I endorse the prevailing idea in the latter part of the proposed amendment to the effect that there should be publicity as regards real estate holdings. In the Banking and Commerce Committee I moved that this should take the form of a disclosure of assessed value to shareholders in the annual statement; but any idea that makes for further publicity should be welcomed. With the other part of the amendment I am not so in accord. I think it can be laid down as a truism that any restriction on our banks is a tax on its customers, and I therefore would hesitate, as I have in the Banking and Commerce Committee, to impose restrictions on the banks, especially such as may react on others interested.

Mr. OLIVER: I have not in mind the exact wording of the amendment proposed by the hon. member for Westmorland (Mr. Emmerson), but the question involved in the consideration of this section is one which may be considered without direct reference to that amendment. It may be assumed that the bank has a right to do as it pleases with its own property. This section says that the bank may hold real estate for its own use, and I assume that if that provision were not there the bank would not be entitled to hold real estate; in other words, the bank would not be entitled to do as it pleased with its own money. It is bound to be assumed that whoever drafted the first Bank Act; whoever drafted the provision that is contained in section 79 did so for reasons which at that time and afterwards were supposed to be good reasons for the existence of that provision. At any rate it is to be assumed that there exists the right to restrict the bank in the use of the funds under its control. When it is considered that something like three-quarters of the funds controlled by the bank do not belong to the banks, but to the people at large, it is easily seen that