

sections of the country in erecting large buildings; we are utilizing certain portions of the buildings for our office purposes and the rest are rented for the purpose of lessening the cost of our office rent. That is an argument against permitting this section to remain as it stands, because, if it is necessary that they shall invest in that way in order to lessen their operating charges, we should give them the power to do so. I am against legislating in a false, deceitful way, declaring that such and such shall not be the case and at the same time knowing that the law will be violated every day. It brings all sections of the Act into disrepute to pass one section of this character. I am not convinced by the arguments presented before the committee, and I do not believe that the committee are agreed that the section should remain as it is. It may be that five per cent of the combined capital in the reserve is too restricted a sum. I propose to test the opinion of the committee on that question later on.

There is one branch of the subject that I shall ask this committee to pass upon, and that is with respect to publicity. If the circumstances detailed by my hon. friend, the Minister of Finance, are to be regarded as a justification for the Act as it is, then it is right that publicity should be given to those facts. If the banks have invested in buildings and sky-scrapers, let us have a statement of their value. There will be no difficulty in getting at the real value. The Bank of Montreal is not a sinner in regard to expending money on buildings other than for their own use. Other banks have sinned in that respect.

Mr. WHITE: Is it possible to make section 79 any stricter than it is? I think the banks in erecting these large buildings are not complying with the Act. I do not think that section 79 could be drafted to show more clearly the idea that they are not to hold real estate beyond the requirements of their actual use.

Mr. EMMERSON: I note what the minister says in that regard. I want to call the attention of the committee to conditions which prevail in the city of Ottawa. The hon. minister says that there is difficulty in getting at the real value of bank properties. If you go down Bank street, at every other corner you will find a bank building. The best corners are reserved for the use of banks. They are not violating this section in constructing these buildings that are for their own use, but they put a high valuation on property in the vicinity by reason of the fact that they can select the best quarters and pay the highest prices, utilizing their reserves for that purpose. They are holding the best sites as against the business public. It would be very much better for banks and for the business interests of the city of Ottawa if those sites were not used simply

for bank premises. If it were desired to get at the actual value of those premises, it would not be difficult to do so, and the value would not be an inflated one. The very circumstances detailed by the hon. minister could be taken into consideration in fixing the value of these bank properties throughout Canada. I think that should be done. At any rate I claim that we should have a statement of the actual facts and that they should be given publicity, so that the shareholders and the public may know the actual conditions which prevail. To-day they do not know these conditions. There is not a statement of a bank in Canada that gives actual facts with respect to the amounts invested in real estate. It is not desirable that the banks should go into the business of real estate. I do not think that this Parliament would justify any such legislation, and I do not think we should allow them to go on in the way they are doing; there should be some limitation. If we permit them to go on in this way, let us have an exposé of the conditions as they exist, and let us not exist in an atmosphere of deceit with respect to the whole matter.

Mr. F. B. McCURDY (Shelburne and Queens): With the second part of the amendment of the hon. member for Westmorland (Mr. Emmerson), I am in accord. So far as the first section of the amendment is concerned, I see difficulties. I think the experience of everyone who has watched the operation of restrictions imposed upon banks is that they really constitute a tax upon the clients of the banks; the restrictions imposed upon the banks are passed along in the shape of higher rates charged for services rendered by them.

It is more particularly with regard to that aspect of the case that I wish to draw the attention of the committee not only to section 79, but to section 91, which is not yet passed, because to my mind these two sections are largely bound up in one another.

The old Bank Act sought to limit the rate of interest charged by banks. That attempt was found to be ineffective, and accordingly by a substantial majority in committee it was deleted from this Bill; but no one has paid attention to the fixing of the rate of interest allowed on deposits.

Different parts of the country are interested in different sections of this Act. In a certain portion of the counties which I have the honour to represent, with a thrifty population, and but little industrial activity, \$20 is placed on deposit in the branch bank to every \$1 that is borrowed. Naturally that district is more vitally concerned in the rate of interest on deposits than in the discount rate. In other communities the conditions are reversed, and so on.

Bankers claim that the fixing of rates of