

Canada Trust Company

made quite a name for himself in the communications field and he wrote an excellent book, part of which I happened to read and with which I was quite impressed. He certainly has made an excellent impression on the house and he does a good job in his field although he is restricted. I am glad to see he is here. Again I must say that it is the quality of the members of the house present that impresses me this evening.

Having prefaced my remarks I will now turn directly to Bill S-6 respecting the Canada Trust Company. As the hon. member for Grenville-Carleton said, it is a Siamese twin, and the other twin is the Huron and Erie Mortgage Company. The explanatory note in the bill reads as follows:

The authorized capital of the corporation, the Canada Trust Company, and, in French, La Compagnie de Trust Canada, is presently limited to an amount not exceeding \$5,000,000 divided into 250,000 shares of the par value of \$20, all of which shares have been allotted and issued as fully paid and non-assessable. The corporation now desires to have additional capital available for issuance.

As I said, one could not help but be impressed with the opening remarks of the sponsor of this bill when he said that the company was incorporated in 1894 with a capitalization of \$500,000 and in 1899 it became a fully owned subsidiary of the Huron and Erie Mortgage Corporation. The assets of this concern have been accelerating in geometric progression. This is an excellent phrase which could apply to the economic and financial progress of this company.

• (6:30 p.m.)

Then, he said that in 1964 the assets amounted to \$1 billion and between 1964 and 1968 they increased to \$2 billion. This business of the corporation embraces the issuance of guaranteed trust certificates, a general deposit service and other matters. At the moment the problem is that the internal generation of earnings is not sufficient to meet present day commitments in the capital field. They have 56 branches operating in eight provinces. More capital is required, and they would like their capital to be \$20 million. As the hon. member for Timiskaming (Mr. Peters) said, he was more than delighted to know that this company was a Canadian company because the burden of our message since the commencement of this session has been the amount of ownership by United States companies that prevails here in Canada.

One would think that when a company such as the Canada Trust Company is applying for an increase in capitalization the

[Mr. Gilbert.]

members of the other place would take a very keen interest. I noticed, as a result of reading the proceedings that occurred there when this bill was presented on October 16, that the proceedings covered less than two pages. This does indicate that there could not have been too much interest by the members of the other place in this very serious business of increasing the authorized capital of this company. Some of the questions that were asked seemed to be rather simple ones concerning the relationship of the company with the banks. No one really gets into the nub of the matter because really the crux of the situation is the need for a thorough understanding of the activities of trust companies, and their relationships with banks.

During the last session, Mr. Speaker, I had the privilege of being a member of the standing committee on finance, trade and economic affairs. At that time we had representatives from the banks and the trust companies appearing before us in connection with the proposed changes in the Bank Act. It was at that time I realized there are two types of trust companies. There are what are known as senior trust companies and junior trust companies. If I recall rightly, the attack by the officials from the banks was on these near banks. They said these trust companies were invading the jurisdiction of the banks, so the banks had to have some protection against them. The banks were convincing in their representations, first of all to the minister of finance of that time, now Secretary of State for External Affairs (Mr. Sharp), and then to the members of the committee, so that they were successful in having the 6 per cent ceiling in the Bank Act lifted. The result of this move was disclosed last week when the banks revealed that their earnings and profits for this year exceeded a maximum of 48 per cent, for the Royal Bank of Canada, and went down to about 20 per cent for the junior banks.

One would think that the junior and senior trust companies would demand an immediate inquiry because at that time the villain in the piece was the banks. Now, it is quite true that trust companies have made a modest record with regard to their earnings, but it does not compare for a moment with the earnings of the banks. Another more important issue relates to the activities of trust companies. When we think of trust companies, we think of a company or group of men who look after the estates of people and also perform corporate duties. They issue investment certificates. They also issue debentures