

selves for the best corners and the best sites in cities and towns. Take the corners of King and Yonge streets in Toronto where the Dominion Bank is erecting a large building; if the Dominion Bank paid last year \$10,000 a foot front, because the property is worth that, for the corner of King and Yonge streets and erected, let us say, a building solely for their own use, that is what is called a single chamber building, the cost or rental which they would have to charge themselves with respect to that corner would be very large indeed. The valuation of \$10,000 a foot is reached by taking into consideration the fact that a very high building can be built there and that the upper storeys can be rented and the return from the upper storeys would help to pay the interest upon the cost of construction and the maintenance of the building and also return a rate of interest upon the \$10,000 a foot value. Therefore, the banks have in many cases, I should think in most cases, erected buildings not only for their own actual use and occupation, but for the purpose of renting the upper storeys to tenants. It has been by reason of economic conditions that they have done so in order that their rental for the ground floor might be that much less to them. It has been contended that by erecting these large buildings they have not only violated the spirit of this section 79, but they have locked up a very considerable amount of money in real estate to the detriment of commerce. I think it is only fair to the banks to say that it has been the policy of the chartered banks to build up large reserves, and I think that their real estate investments have been comparatively within their reserves. The banks make answer, although it does not meet the objection that they are violating the Act: Instead of distributing the assets to our shareholders to whom they belong, because they have been accumulated either from premiums paid on stock by our shareholders or from profits over and above the amounts that we have distributed to our shareholders, we have bought real estate well within our reserves and we do not think that the public have any right to complain of that. I must confess that I do not think that meets the situation. My own view is that with regard to what has been happening there has been an abuse in some cases under this section. If the banks had acquired sites for their own use and occupation, or even if they had erected a few additional storeys, no question would have been raised, but it is the sky-scraper and the locking up of public money in the sky-scraper that has caused this agitation. I think that the bankers would be well advised in the fu-

ture, if that change is made, although there are difficulties in the way of making it, if they would keep their building operations within due bounds. Skyscrapers, as a matter of fact, having regard to depreciation and cost of maintenance, return a very small rate of interest upon the investment and are not profitable in places. I think the banks would be well advised if they would exercise moderation in the buildings they erect throughout Canada, and had they done so in the past these questions would not now arise. As to the amendment of my hon. friend (Mr. Emmerson), I would point out that it is very difficult indeed to fix a percentage which would be fair for the banks in this respect. I do not think the evidence we have heard would justify us in fixing any particular percentage. The Bank of Montreal has several hundred branches; it has its head office in Montreal with, I suppose, one million dollars represented, and it has in way of investment in premises, and it has important offices in Toronto, Winnipeg, Vancouver, Victoria, London, Eng., New York, Chicago, and indeed all over the English-speaking world. I think, therefore, five per cent would be entirely inadequate to the requirements of the Bank of Montreal, even if the bank were to confine itself simply to the very letter of this section. My assistant deputy minister tells me that the Bank of Montreal uses the property which it owns solely for its own use and occupation, but nevertheless five per cent would not be adequate to meet its requirements having regard to the area over which its operations extend. The returns of the Bank of Montreal show about four million dollars in real estate, but I think that is a very low valuation of the buildings occupied and owned by the bank. In connection with this question, Mr. McLeod gave evidence before the committee of a very interesting character, and I think the committee was very greatly impressed with everything Mr. McLeod said because it was recognized he had been a pioneer in trying to introduce reforms into banking in Canada. Mr. McLeod believes that the banks should carry their real estate at a very low figure for the reason that the buildings did not represent immediately realizable assets; that the balance sheet of a bank should show a liquid condition, and that a bank should be able to readily convert its assets into cash for the purpose of meeting liabilities of a demand nature, such as deposits payable on demand, or on notice, which latter is seldom insisted upon by the banks. That leads to another consideration, which touches upon the second part of the amendment of my hon. friend and emphasizes the difficulty of dealing with this question of what is