

fore, they did not follow the lines laid down in Great Britain, where population is dense, where the business is only spread over a small area, but they carved out for themselves what they consider was the best banking system for the United States and they adopted the system of national and state banks. There are to-day in the United States 6,000 national banks. National banks, as we know, are confined to absolutely commercial business. State banks number at the present time over 12,000, making in all in the United States over 18,000 banks. How would the western states have been developed if it had not been by the national banks going into those states and establishing their agencies. Look at the history of Kansas, Missouri and other western states and you will find that the growth of the national and state banks went hand in hand with the development of the resources of the western states. What do we find in western Canada? We find that the people have been taken by the throat—literally taken by the throat—by the large banks which require their capital in the east and have been told: We have not a dollar to move the produce of the western country. The banks in western Canada, requiring the money for their large schemes in the east, had to shut down on the producers in the west. No such thing could have occurred under the system of banks in the United States where, in each locality, they have a national or state bank. I was reading a short time ago the resolutions passed by the Grain Growers' Association of Saskatchewan, and I was interested when I took up the Manitoba 'Free Press' and read the report of a recent meeting of that association. They passed a very strong resolution in regard to the attitude of the banks towards the western producers and they called the attention of the government to the position the banks are taking in western Canada. A number of these resolutions have been forwarded to my hon. friend for Macdonald (Mr. Staples). Here is a report from the Manitoba 'Free Press' of February 13, 1908. It gives a resolution which refers to the banking system and which is as follows:

That great loss and inconvenience to farmers having been occasioned through the banks refusing advances on stored wheat and bills of lading, the government be urged to devise some remedy.

Then the report goes on and gives an account of the speeches that were made to this motion. Notwithstanding the government return which shows that our banks have somewhere about a hundred million dollars invested in foreign securities I say that our banks have over \$200,000,000 of the savings of the people of this country invested in foreign securities. It is not very difficult to get it. All you have to

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do is to take the call loans of our banks running up to \$60,000,000 odd, and the investments such as are contained in the annual statements of the banks, aggregating some \$41,000,000 in stocks and bonds. If you examine these stocks and bonds you will find that ninety per cent of them are the stocks and bonds of American companies. Take the Canadian Annual Register for 1906 and you will find the enormous amounts of money which are invested by the Canadian banks, which do not show in the returns at all, in such securities as Mexican Heat, Light and Power, Rio Cuba, Detroit United Railway, Toledo Electric Railway, San Paulo, Porto Rico Railway The Cuba Light and Power Company, Twin City, and dozens of other companies outside of Canada entirely into which the banks of this country have put an enormous amount of money. These securities are pledged as collateral to our banks and when the slump occurred in 1907 they had to withdraw their money from the west and they said to the producers of that country: We cannot lend you a dollar. Why?—because they needed all this money in the east to look after the investments which they had made in foreign securities. I say that the day has not come in Canada when we can afford to be a lending country. The proper function of a bank in this country is to assist the producers in the development of the country and not to limit credit in a critical time such as we have had during the past year. Now, Sir, while I say that our banks have grown stronger during the past ten years I do not know that it is so much to the benefit of Canada. Let us go back in the history of this country for a short time, see how the banks stood and compare the position there with the position at the present day. We have fewer chartered banks in Canada to-day than we had thirty years ago. During thirty years the paid up capital of our banks has increased only to the extent of between thirty-five and forty millions of dollars, a sum \$12,000,000 short of the divided profits for 1906 and 1907 of the banks of this country. In the forty years since confederation the capital of the Canadian banks has increased by about \$63,000,000 or a sum short by \$40,000,000 of their dividend profits for the last seven years.

Is it wise that we should create in Canada a monopoly greater than the Standard Oil monopoly in the United States? It is time that we considered the advisability of putting our laws in such shape that the public will be interested and will be benefited by our banking institutions. I am told: Oh, you advocate the curtailing of loans to directors. I certainly do. It has been said that that is a most unwise thing to do, that the directors are all great business men, all men in whom the shareholders have absolute confidence, and why should they