

Monday, May 7, 1928

The house met at three o'clock.

PRIVATE BILLS**FIRST AND SECOND READINGS—SENATE BILLS**

On motion of Mr. Mackenzie King, seconded by Mr. Robb, the following bills were read the first and second times on division:

Bill No. 280, for the relief of Arthur Joel Cox.—Mr. Casselman.

Bill No. 281, for the relief of Mary Ellen Gussie Edwards.—Mr. Casselman.

Bill No. 282, for the relief of William Henry Leonard Gale.—Mr. Church.

Bill No. 283, for the relief of Harriet Louisa Gates.—Mr. Ross (Kingston).

Bill No. 284, for the relief of Duke Mulloy Gordon.—Mr. Ross (Kingston).

Bill No. 285, for the relief of Victor Edward McPherson.—Mr. Ross (Kingston).

Bill No. 286, for the relief of Annie Schreiber.—Mr. Garland (Carleton).

Bill No. 287, for the relief of James Retson Watt.—Mr. Bell (St. Antoine.)

REPORT OF COMMITTEE

Fourth and final report of the select standing committee on railways and shipping.—Mr. Goodison.

BANKING AND COMMERCE**MOTION FOR ADOPTION OF COMMITTEE'S REPORT**

Mr. F. G. SANDERSON (South Perth): Mr. Speaker, on behalf of the hon. member for North Perth (Mr. Hay), I beg to move that in accordance with the notice given on the 3rd instant, the eighth report of the select standing committee on banking and commerce be concurred in.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Just before that motion is adopted, there are a few remarks I should like to make, especially since it was on my motion that the inquiry was made before the banking and commerce committee. I do not desire to move an amendment to that report, which like all reports, is more or less of a compromise, but I should like to point out very briefly some of the facts which came before this committee which are not embodied in the report.

While undoubtedly the attention of the committee was centered upon the suggestion of a central bank of issue and rediscount at the same time there were other suggestions made, such as the establishment of small local banks, and the possibility of setting up co-operative credit societies. These matters were not gone into by your committee.

Further than that, there were a number of general criticisms advanced with regard to the present banking system. The witnesses that came before the committee were, with one exception, either officials of the department or else those connected with the Canadian Bankers Association. Under these circumstances we had not the opportunity of considering as many of these criticisms as personally I should have liked. I am not blaming the committee; the trouble lay in the fact that very few business men cared to come forward to criticize the banks. I do not know whether their objections are well taken but while privately they criticize the banks, they express themselves as afraid to come forward publicly lest their credit should be interfered with. I do not know whether those fears are justified; I merely mention that for what it is worth.

In rebuttal of various criticisms which were made, the bankers made claims which I summarize as follows:

(a) That the small number of banks in Canada (four banks controlling approximately 70 per cent of the entire deposits) is in the interests of Canada.

(b) That according to the banks' code of honour, in the granting of credits there is no discrimination against a business concern that is a rival to one in which a bank director is also a director.

(c) That on the contrary, interlocking directorates are a distinct advantage.

(d) That districts remote from headquarters are under no disadvantage.

(e) That it is not the function of a bank to take the hazards of the commencement of a manufacturing business but that any solvent concern in a liquid shape can obtain all the credit it can reasonably desire for legitimate purposes.

Mr. A. E. Phipps puts it this way:

No legitimate loan properly secured has been refused from one end of Canada to the other, since I have been a banker.

The evidence further shows:

(a) That under the Finance Act the government performed, with less machinery and expense, some of the functions of the Federal Reserve bank, but that the banks use the Finance Act to a very limited degree.

(b) That the control of the Federal Reserve banks over the money market through the open market transactions might be difficult to exercise in Canada.

(c) That in the opinion of Governor Hard- ing,—

1. The mutual savings banks in New England have been highly successful.