WEDNESDAY MORNING

THE BANKING BILI Speech of Duncan C. Ross, M.P., on Our Canadian System

and How it Can Be Improved.

The most ominous thing as far as the people of Canada are concerned, in connection with the bank act discus-sion in Canada is the limited reports of the debate given by the Canadian nress. The reports are especially

of the debate given by the Canadian press. The reports are especially meagre of the speeches of members who criticized the present system. No long reports went to the finance min-ister and to A. K. Maclean of Hall-fax, who spoke for the opposition.

ax, who spoke for the opposition. The World has already printed the speech of W. F. Maclean of South York. Today we give the bulk of hat of Mr. Duncan C. Ross (Liberal) and we will follow it with that of Major Sam Sharpe (Conservative). Later on we will print the speech of Mr. Emmerson and of Mr. Kyle. that of Mr. Duncan C. Ross (Liberal) and we will follow it with that of Major Sam Sharpe (Conservative). Later on we will print the speech of Mr. Emmerson and of Mr. Kyle.

OTTAWA, Jan. 21:-On the motion of Hon. W. T. White (Minister of Fi-nance) for the second reading of the Banking Bill Mr. Du incan C. Ross (West Middle-

from fixed property—a country, indeed, requiring to borrow largely from old-er and wealthier communities." Mr. Duncan C. Ross (1992) sex) said: Mr. Speaker, the object of the dis-cussion is for the house to devise means to give to the people of Can-ada the best banking system that can be given. It is because of my con-viction that we are not giving the best that can be given, and that our bank-ing system works out in a grievous the faw remarks -it does not follow that if tried in this country it would be a failure.

Mr. Ross: A few days ago I clippe Mr. Ross: A few days ago I clipped from The Toronto Globe a statement which shows what the banks of this country have been making during the year 1912. I find that they are mak-ing as high as 20 per cent., and none, as far as I could see, less than 16 per cent. on their capital. We find that in 1912 the Commerce paid a dividend of 11 per cent., the Dominion Bank, 14; Hamilton, 11; Imperial, 12; Merchants', 10; Molsons, 11; Bank of Montreal, 12; Nova Scotia, 14; and four other banks, Ottawa, Royal, Standard, and Toronto, three of them Now, as far as I am concerne this question is non-contentious. this the banks in Canada should not be ungenerous, but should have some regard for those who I say make some regard for those who I say make some regard for those who I say n their prosperity possible. In statement issued by the finance partment on November 20, 1912, and that the paid-up capital of the banks of Canada amounts to \$114-000,000, and that the reserve amounts to \$106,000,000. That means, as I take it, that during the time those banks have been in existence they have made out of the people of Can-ada \$114,000,000 in addition to the Standard, and Toronto, three of them 12 per cent. and one 13 per cent. I have made out of the propie of ada \$114,000.000 in addition to dividends paid to shareholders. any rate a large propert n of it. That shows that the people of Canada have not been ungenerous to the banks, and it is the duty of the banks at this time to do as they have done in times past, and concede some little protection to the deposit-tors who make their institutions

estly contend that the banks of this country are not making good money out of the people of Canada. For my own part, I have no objection to the banks of Canada making good money, as they render the country a great service; but I do not think we should get into our heads the idea that the banks of this country own Canada, and that they exist sole-ly to supply dividends to their share-holders. They are given a charter by the parliament of Canada to ren-der a public service. It is said by the admitrers of the Canadian banks that we have the best banking system in the world. I think, Mr. Speaker, that in one respect their admis-sion is correct; so far as the bank. sion is correct; so far as the bank-ers are concerned, I think it is for them the best system in the world. In any case, I consider this a very important question, and I consider that the Bank Act is more in the inhis money in the banks with the view of getting a good profit, and he has got a good profit in Canada; and secondly there is the depositor who puts his money in the bank be-cause it is an institution chartered by the people of Canada, and he thinks it sufe. He does so not for the interest he expects to get, but because he thinks that his money will be in safe keeping until he obtains a prothat the Bank Act is more in the in-terest of the prosperity and greatness of Canada than some of the things Limits it spice. It is not to the constant spice it is not to the spice it is not to the constant spice. The spice is the spice is spice it is not the spice is spice it is the spice i have been discussing in the We have been discussing in the house for the last week or two. A Good System It is my belief that the Canadian banking system is a thoroly good one, but in which certain weaknesses are evident. It would be no credit—in-deed if would be approximately and the system. deed, it would be a sorry reflection on the ability of Canadian financiers -if the banking system in this cour -if the banking system in this coun-try was not as nearly perfect as hu-man ingenuity can make it. Why should it be anything ejse? They have priwileges in this country which the bankers of no 'other coun-try enjoy. They pay no tribute to the government; they have liabilities in circulation which yield them a large profit, and-the greatest privilege of all-they enjoy a monopoly of the deposits of the people. It seems to me my hon. friend, the minister of finance, dealt in a cavalier fashion with the importance of that privilwith the importance of that privil-ege. The Bank Act before us con-tains a clause that no individual, common knowledge that they pay on \$360.000,000 no interest whatever. What Should Be Done Such being the case, what should be pany, firm, or corporation can use the word "bank" in any manner, shape or form. The result is that when a charter is given to a bank in this done to protect those people who have contributed not one-half but seven or country, it makes that bank in this depository of the thrift, the wealth and the savings of the people. Such being the case, and the depositors being the foundation stone, as it were, of the success of the financial sys-tem in this country. It is my coneight times the amount of money that the shareholders contribute to the banks? Even if you take into consideration the double liability which applies to shareholders, the depositors contributed to the funds of the tem in this country, it is my con-tention that the dépositors of these banks should receive some consider-ation in the provisions of this bill, bank four times the amount that the bank bour times the amount that the shareholders contribute. It is true that the shareholders are under the double liability, but it has not often been put into operation, and even if they are called upon to meet in they know what is expected of them. Their money is placed in the backs marked Quite Different. The banking systems of the various countries are quite different. That of not the same as that of as an investment and they have to take the fortunes of war and the chances that apply to investments. The depositor is only placing his money in a depository marked by the parliament of Canada as a safe de-pository. Canada is the United States, England, Scotland or Germany. In all of these 'countries the banks have to pay to the government a certain amount of their profits, or give certain other advan-tages in the way of loans. In this country they have to do nothing, so far as I can, see, except make pro-fits for their shareholders, and se-Some Sympathy. I have some sympathy with the sub-stantive part of the address of the hon. oure their currency. We say our system is the only perfect one. We can hardly explain how it has arisen but it has developed from a cycle of events in Canada until it has reach ed its present stage. Mr. Walker, an authority in whom my hon. friends would, I am sure, have confidence, made the following statement at the bankers' convention in 1893:

working of it, once in ten years. In the interval we are almost free from attempts by demagors or ambitious but de-informed legislators to inter-fere with the details of our system, buy during the session of parliament buy during the data of the explored of fere with the details of our system, bus during the session of parliament preceding the date of the expiracy of the charters we have to detend, our system from the demagog, the bank-hater, the honest but inexperienced citizen who writes letters to the press, sometimes the press itself—indeed from all the sources of attack which institutions possessing a franchise granted by the people exparience when they come before the public to answer tor their stewardship." Sorry for Bankers. I feel very sorry for the bankers. I do not intend to place myself in any of these classes; I am far from being a bank-hater, altho I may be an hon-est, inexperienced citizen. I would rather be a bank-lover than a bank hater. I think it would be a nucc thing to have a bank such as Sir Ed-mund Walker has in his case. Sir Edmund Walker lays down four pre-requisites of a successful banking sys-tem and I am going to quote a little further from this book: "It should create a currency free

"It should create a currency free from doubt as to value, readily con-vertible into specie, and answering in olume to the requirements of trade. n saying this I do not wish to be unbution of commodities and informa-tion, and wealth enough to be lend derstood as asserting that banks should necessarily enjoy the right to issue notes. Whether they should or rs to other nations, are not ap-licable to a new country with a scathould not issue notes must always, tered population, imperfect means distribution, and little wealth ap I presume, end in a discussion as to expediency in the particular country or banking system." I think I should say frankly to the

I think I should say frankly to the minister of finance that he has taken a right step in advance, altho my hon. friend does not agree with me in re-gard to giving increased elasticity to gard to giving increased elasticity to the banking system in connection with currency. I approve of that entirely as far as I can see it. Anything he can do to increase the currency of the country in an effective and safe gard to giving increased elasticity to the banking system in connection with currency. I approve of that entirely as far as I can see it. Anything he can do to increase the currency of the country in an effective and safe way will meet with my hearty ap-proval. The second prerequisite is these would even so so far, as to say from the consolidated revenue fund an amount equal to the interest which they would even so so far, as to say in the second prerequisite is the would work no hardship what-exchequer, the bank should receive from the consolidated revenue fund an amount equal to the interest which they would work no hardship what-exchequer, the bank should receive from the consolidated revenue fund an amount equal to the interest which they would work no hardship what-the second prerequisite is

this: "It should possess the machinery the whole area of the country, so that the smallest possible inequalities in the rate of interest will result." With respect to this prerequisite of an improved banking system, I am not going to speak of my own know-ledge; but I do hear from members of suffer no hardship, and at most the only hardship, and at most banks this house, from the east and from the west, that there is a great inequal-ity in the rate of interest that is charged between the east and the the west and the Province of Ontario. I of currency, for which they do not have to be the second row money for five per cent. and that now they have to pay six. I am told by members from New Brunswick that they have to pay six and seven per cent, whereas in Ontario we pay six per cent, and I am told that in the west there is no recent for thet

Go a Little Further Let us go a little further and see what the relation is between the shareholders and the depositors, for these are the two classes of people who go to make' the success of the banks possible. In the first place there is the shareholder who invests his money in the banks with the view of getting a good profit, and he has got a good profit, and he "It should supply the legitimate wants of the borrower, not merely under ordinary circumstances, but in times of financial stress, at least without that curtailment which leads to abnormal rates of interest and to

Can Be Improved.

failures.

THE TORONTO WORLD

just let us see the record. Since 1867, wenty-three chartered bank have failed. In all cases but two the note-holders were paid in full. In the case of the Mechanics Bank of Montreal, of the Mechanics Bank of Montreal, the noteholders were only paid 57½ per cent. and in that of the Prince Edward Island Bank, 59½ per cent. Let us see how the depositors have got along. In eleven cases out of the twenty-three they did not get paid in full, but they got the following amounts 50 per cent 5716 per cent twenty-three they did not get paid in full, but they got the following amounts: 50 per cent., 57% per cent., 96 per cent., 66% per cent., 10 6-10 per cent., 99 2-3 per cent., 59 per cent., 75% per cent., 17% per cent. From the bime of Confederation down, twenty-three banks have failed and depositors in about twelve or thirteen of them "Fruit-a-tives" Cured Him

in about twelve or thirteen of them have received less than the full amount of their deposits. The minis-CHESTERVILLE, Ont., Jan. 25th CHESTERVILLE, Ont., Jan. 20th, 1912.—"For over twenty years I have been troubled with Kidney Disease, and the doctors told me they could do me no good, and that I would be a sufferer for the rest of my life. "I doctored with different medical men and tried many advertised reme-dies, but none of them suited my ter of finance states that the sugges ion which I have made to him is no a feasible one. I cannot understand what the minister of finance means when he says it is not feasible, because the suggestion is simply this: Cause the suggestion is simply this: There are \$650,000,000 of deposits in the savings branches of our banks. This amount should be protected. The banks could not last for one year un-less these deposits were there. These depositors should get something for their money. The banks are making an enormous amount out of these dedies, but none of them suited my case.

"Nearly a year ago I tried 'Fruit-a-tives.' I have been using this fruit medicine nearly all the time since, and am glad to say that I am cured. "I give 'Fruit-a-tives' the credit of doing what the doctors said was im-possible an enormous amount out of these deposits and it is only fair that you hould do in connection with the possible. positors what you have already done

"I am now 76 years old, and in first-class health."

in connection with the note redemp tion fund. I do not say that yo GEO. W. BARKLEY. In all the world there is no other remedy that has sured so many cases of so-called "incurable" kidney disshould do it all in one year, but you should do it as you did it in the case of the note redemption fund. You should lay aside one per ease as "Fruit-a-tives." This famous fruit medicine acts di-

This famous fruit medicine acts di-rectly on the kidneys—healing and strengthening them—and ridding the system of the waste matter that poi-sons the blood. 50c a box, 6 for \$2.50, trial size 25c. At dealers, or sent on receipt of price by Fruit-a-tives, Limited, Ottawa.

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ple; they will place their money is care of the banks, and the banks will be able to do a larger business. The they would pay to depositors had it remained in the banks. If this money be agie to do a larger ousiness. The minister of finance will agree with me that anything that tends to en-courage thrift and saving on the part of the people and to cause them to put their money on deposit in the banks, will add to the prosperity of the counis put into the exchequer, the banks should receive from the Consolidated Revenue Fund of Canada an amount equal to the interest they would pay if the deposits had remained in the banks. In that case, the banks would try

Arguments Against. What are the arguments advanced against this proposition? One argu-ment is, that the big banks would be would be the loss they would incur by not handling the money them-selves. The banks have given to them absolutely free the use of \$116,000,000 ment is, that the big banks would be compelled to do something for the little banks which would be unfair to them, because we are compelling them to help to build up their competitors. formed is the cost of engraving. If the Government of Canada would take My reply to that is, that if it is in the interest of the people of Canada that the big banks should do this, it is their lovernment of Canada would take rom the banks an amount equal to say three per cent. of their deposits, or, as I would submit, five per cent.duty to do it and it is our duty to compel them to do it. The big banks of this country, and particularly the largest bank, has received enough care and protection and stimulus from the government and the people of Canada to entitle us to demand from it any action that is in the interest of the general banking system of this coun-try. As a matter of public spirit, as a small return for the advantages they have received in times past and are still receiving from the people of Cancompel them to do it. The big banks three per cent. would amount to about twenty million dollars and five per cent. would amount to thirty million dollars—you would have ample protec-tion for the depositors, and the coun-try could use that money, which would be in the way of a forced loan from the heaves at three new cent while the the banks at three per cent., while today the country is paying more than that for foreign loans. If that were done, then in regard to every bank that exists in Canada, there would be afforded absolute protection to the have received in times past and are still receiving from the people of Can-ada, they should be willing to make some sacrifice to place the banking system of this country on a stronger and firmer ground. The next argu-ment against it is, that by its adop-tion you are creating a false security; but I cannot for the life of me see how that can be possible. The government that can be possible. The government depositors, who, after all, are those who make banking in this country a possibility. Let us see if that is not so. There are three banks in Canada all the depositors in which might not

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three acres each, clay loam. on good road, near Yonge St. four miles from city limits, each block about 200 by 650 feet. VERY EASY TERMS

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uld come back to this house, and if ernments responsible for the

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I would support it; if it was not fair in my opinion I would oppose it, and that I would do the best I could for in my opinion I would oppose it, and that I would do the best I could for

them. I am basing a great deal on what I am told for the support of an amendment which I intended introduc-of insurance under th

ing to the committee. I am told that has power to go into on the other side there were thirty-eight candidates who had pledged witnesses under oath,

Conservative government came into their head office or the

would advocate in this no

themselves, as seriously as men could pledge themselves, that if the Liberal

cvernment were defeated and

power,

Receipts Yards, were cattle, 1674 calves and There we choice cattl of the con which tends sood. Early in trade at las in the afte and prices with 1345 only fair to over came them not. be A few loa and quality sold at from at \$7.10, on at \$7.20. Choice by loads of goo to: \$5.70; c \$3.50 to \$5. \$3.75 to \$5 St Steers, 10 \$5 to \$5.40. Prices ranged fro two sold a Calf pric at \$4.50 to new milk-cwt. Sheep a, when quan old at fro \$4.75; lan Hogs we C. Zean-\$2.80, fed at \$4.25 to each, at \$ follows: at \$5 to \$ light butc \$5; 4 load load of by and spring McLong Stock ¥al as follows Butcher Butcher 10, 1456 in 23, 1210 1 \$6.20; 10, 156,20; 10, at \$0,20; ibs., at \$ 900 105., a 910 105., a 900 105., a 910 105., a 910 105., a 900 105., a 910 Buiches 1100 108., L. LLEV 6, 1110 HA 6, 1000 11 6, 501 105 2, 500 105 1, 1000 105

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"In common with other social de-velopments, modern banking is mainly the result of heredity and en-vironment, and not of arbitrary legislation or the general admission in any wide degree of settled principles in the practice of banking.

I am quoting this to meet, to some the argument made by non. friend this afternoon in regard to certain loans which he had made to certain companies. These are grave the system followed in connection with deposits in the State of Oklacharges, and if such transactions have homa. From what I can ascertain of the system followed in that state, it is evident that the state banks taken place, or if there is any sus picion that they have taken place, the uggestion made by the hon. member are required each year to place a cer-tain percentage of their deposits in charge of a board consisting of the treasurer and other officers of the for South York is a very good one, and commission appointed by this parliament to investigate the banking system in this country should go into treasurer and other officers of the government. This is done yearly until a certain maximum is reached, and all them most minutely. Such an investhem most minutery. Such an inves-tigation would be very much in the interests of the people of this country. However, I do not agree with him when he says that the banks of Can-ada have not tried to perfect their e banks are constantly respon-ble for the failure of any one bank the trouble is, that the system not compulsory. There are national inks as well as state banks, and system.

as Sir Edmund Walker very wisek says, what may be a success in th Now, I will refer again to the book from which I have quoted already in regard to the currency question. Sir banking of one country might not Edmund Walker thinks that banks have too short a lease of life under their charters and he goes on to what might be a failure in one country might be a success in another. Th argument of my hon. friend did not say that these charters have to be reso to prove that that system had not been successful in Oklahoma. Even if it had been, my argument is, tak-the judgment of Sir Edmund of the details connected with the

on was concerned and Sir Edmund

all creditors, note holders included, i only fifty-seven and one-half per cent. I The change in the act now in force a was due to the demand for a currency i which would pass over the entire Do-minion without discount under any t circumstances.

He also says that: "At the renewal of charters in 1880 the circulating note was made a prior lien upon all assets; and at the last

Most Commendable The action of the banks in this respect was most comme but if their action in of one per cent. had been lost by de-positors. That seems very small but

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need protection. Favorable Arguments.

tion was concerned and Sir Edmund Walker says in regard to that: "The change in 1880 was caused by the failure of a small bank with a cir-culation of about one hundred and twenty-five thousand dollars, paying because the depositors are the most included incortant class which so to make our because the depositors are the most important class which go to make our banking system a success. and they get the least out of it. The depositors

renewal in 1890-the banks, at their own very close inspection of the banks. suggestion, were in addition required In connection with the note redempsupervision over all the banks to see that they are living up to the law. I

commendable should not be put in this act, giving I have some sympathy. I have some sympathy with the sub-stantive part of the address of the hon, member for South York because I be-lieve it would be a healthy thing for the banks of this country, and a prop-er thing for this parliament, to have a thoro investigation of the banking system before the charters are re-newed at the end of each decade. There have been runnors and more than runnors circulated throut this country in recent years that one of the strongest banks in Canada had in-vested in a Mexican venture \$7,000, 000. I do not know whether it is true or not. In the Alberta legislature it was stated that the manager of a bank in the west had secured to himself a large amount of money on account of certain loans which he had made to contrain companies. These are grave charses and if such tragentions and form the minister of any such thing occurring, and if his system of audit goes thru, altho I do not approve of

So stiffened up by rheumatism that he could not dress himself without help was the condition of Mr. Clarke, who tells in this letter how he was en-tirely cured by Dr. Chase's Kidneyit, he could immediately send an offi-Liver Pills. The kidneys must be got right becer to look after that smaller bank, take it in charge, and put it again on the straight and narrow path. This

fore rheumatism can be really cured, and hence the success of this great scheme would certainly make the bankers' association interested in seemedicine Mr. James Clarke, Maidstone, Sask.,

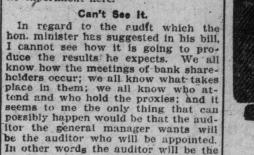
bankers' association interested in see-ing that the banks do not do improper benking. The third reason in favor of the proposal is, that if, by such a system of protection, you make deposi-tors feel absolutely safe, you will find. I believe, that the deposits in our sav-ings banks will increase by leaps and bounds. I know from my own experi-ence that the failure of the Farmers' Bank had a wonderful effect on the banks in our part of the country and Bank had a wonderful effect on the cines banks in our part of the country and good.

banks in our part of the country and good. that effect remains to this day. I know that after the Farmers' Bank failed, men who would not lend their money out on morigage up to that time were out on morigage up to that time were ment who would not lend their money out on morigage up to that time were anxious to take it out of the bank and invest it in other channels. The banks themselves will profit, because if ab-solute confidence is inspired in the peo-with any manⁿ.

there are \$100,000 of deposits and that he has only got in some \$20,000 of double liability. In my opinicn, from the figures he has given, not one de-positor in that bank will receive one cent. One of the members of the re-lief committee of the Farmers' Bank told me that the loss to the Farmers' Bank shareholders, or depositors and that the some questions relating to it la-"I am going to deal for a moment with the question of inspection; but before doing so,I hope that the hon. minister in this respect will not be content to say in committee that such a thing is not feasible, and state as a

Bank shareholders or depositors—I think it was depositors—meant in the Province of Ontario the absolute dis-tress of six hundred families—not six a thing is not feasible, and state as a feat a thing is not feasible, and state as a reason that the deposits are so en-ormous. I think that reason, works the other way; it seems to me the larger the treasury you have, the more ycu should try to protect it. If the note issue is \$116,000,000 and the de-nestice are \$100,000 or a second to be a secon tress of six hundred families—not six hundred men, but six hundred fami-lies. Men who had left the farm, or whatever was their calling, men in the middle walks of life, who were dependbanking system a success, and s in connection with the note reaching tion fund, you have provision that the bankers' association can pass rules and by-laws in regard to the issue of notes that are put in circulation by all the banks, and, in a certain way they have banks and in a certain way they have tried in any country; and I do not think he should brush it aside with such an argument, because there has been nc experiment here.

Bank would be absolutely reimbursed for their losses. for their losses. Mr. Lemieux: Who said that? Mr. Ross: The depositors and their committees urged on the different candidates all thru Ontario the making



creature of the general manager; he will be paid by the bank; he will de-pend for his position on the favor and In this day and age of known in In this day and age of known esteem of the general manager; he wil depend for his position upon his obey there is absolutely no excuse for one to s ffer with stomach tr ing the behests of the general man-ager almost to the smallest item. I do not think in all sincerity that it is ind ge tion sour risings, ind ge tion sour risinger stead the tomach, gas formations, etc. Stuart's Dyspepsia Tablets composed of known and appro-digestants that help out the gas juices of the stomach. They are increased in the stomach. going to bring about the result that the hon. minister said; and I think the non. minister said, and I think dig stants that that a system of government inspec-tion could be easily organized with trained officers, competent men, well up in the banking practices of this health. juices of the stomach. The tur's di estives, the same when it is in

country, at good salaries. We do not Stuart's Dyspepsia Tablets do need to be mean in regard to this, be-cause we have made lots of money, due to the prosperity of the country in the last fifteen years. I think the sug-gestion made by my friend from Hali-fax (Mr. Maslean) is a splendid sug-committee or sub-department of the finance department which should have complete charge of the inspection of the banks of this country. The argu-ment against it raised by the hon. need to be mean in regard to this, be-cause we have made lots of money, due

ment will be responsible for the banks

of that promise. For my own part, I thought it was an unfair opportunity to take of any man, and I refused to make that promise. I told my people I Rheumatism **Crippled Arms**