a special privilege to the banks. But I think the burden of the evidence went to show that the legislation was in favour of the shareholders and not of the banks.

Mr. CARVELL: Was there any evidence on this point before the Banking and Commerce Committee except from the bankers themselves?

Mr. WHITE: I think it was all from the bankers, but I think they showed to the satisfaction of the committee that this legislation was in favour of the shareholders and I think it was not shown that there had been any abuse of it. Bank shares being what are known as 'book' shares, that is, transferable only on the books of the bank, the shareholder who obtains a loan from the bank would not be able to hypothecate his stock to obtain another loan outside without actually making the transfer into the name of the lender upon the books of the bank, nor to sell without giving a power of attorney to transfer into the name of the purchaser. So, I think the legislation is not liable to abuse, and cases of abuse have not been brought to my attention.

Mr. CARVELL: I have no strong feeling in this matter, nor have I any particular interest, for I do not own bank stock and I do not suppose I ever shall. I do not know to what extent the banks use this power. But everybody knows that bank stock is considered good security, and it seems unreasonable that the value of it should be reduced by a clause which allows a bank to have a first lien upon it for a debt which the owner might owe to the bank. I have never even heard of a case in which this right was abused except one, in which there was danger of loss to the bank lending on its shares. It may be a great advantage to the holder of bank stock to be able to borrow without giving security. It is a sort of underhand transaction, but the minister meets it so fairly that I cannot but admire his honesty, and I suppose the banks put it as fairly before the committee. As I say, I have no strong feeling upon the subject, and if the committee think it well to allow this clause to stand, I have no fault to find.

Mr. AMES: Before the Banking and Commerce Committee the evidence was given by four or five bankers each of whom stated that this right had not been abused. One said that he had never heard of a case, and another said that in an experience of forty years he had known of but one case. The bankers seemed to assume a rather indifferent attitude as to the retention of this clause. It is not for them it was put in, but really for the sake of the shareholders. The shareholders of a bank number, quite commonly, three, four or five thousand people scattered throughout the country. It is a great convenience to these shareholders to be able to negotiate small loans with the bank without collateral security. It tends to popularize bank shares, which is a good thing for the country, because we find it difficult to secure banking capital enough for Canada's commercial expansion. This is an attraction in bank shares which offsets to a certain extent the disadvantage of the double liability. I know how the shareholder feels in this matter, because I come into constant contact with them. I know it is a great convenience to a shareholder to be able to go to the bank and borrow to cover an overdraft without giving collateral security which he has to endorse over to and leave with the bank.

Mr. OLIVER: Is it not a fact that every bank disaster that has taken place has been caused by shareholders securing too great a share of the funds of the bank? Would it not greatly secure the deposits placed in our banks if shareholders were absolutely debarred from borrowing money from the banks in which they hold shares?

Mr. AMES: That would certainly be a drastic measure. No more effective way could be taken to make the securing of shareholders an absolute impossibility.

Sir WILFRID LAURIER: I do not exactly understand the whole of this subsection. This part of it is clear:

> Unless the person making the transfer has, if required by the bank, previously discharged all his debts or liabilities to the bank——

But what is the meaning of the rest of the clause?

> —which exceed in amount the remaining stock, if any, belonging to such person, valued at the then current rate.

I think it should be stated without qualification that no person should be allowed to transfer stock unless he has discharged the full amount of his liability to the bank.

Mr. WHITE: Section 77, which is connected with this particular matter, reads in part as follows:

> The bank shall have a privileged lien, for any debt or liability to the bank, on the shares of its own capital stock, and on any unpaid dividends of the debtor or person liable, and may decline to allow any transfer of the shares of such debtor or person until the debt is paid.

Sub-section b of section 43, to which my hon. friend has referred, says that no transfer of the shares of the capital stock of the bank shall be valid unless:

> The person making the transfer has, if required by the bank, previously discharged all his debts or liabilities to the bank which exceed in amount the remaining stock, if any,