

BANKING AND COMMERCE COMMITTEE

Mr. Rainville Desires Investigation—Circulation—Loans on Security of Grain and Cattle

Mr. Rainville, the French-Canadian member for Chambly-Vercheres, informed the banking and commerce committee engaged in revising the bank act, that he desired an investigation to be held into the circumstances surrounding the failure of the Bank of St. Hyacinthe and into the actions of the Canadian Bankers' Association in relation thereto.

Mr. Rainville suggested that a committee consisting of four or five members of the banking and commerce committee be appointed to make a thorough investigation of the matter.

Hon. W. T. White informed Mr. Rainville that he had sent the written charge to President Wilkie, of the Bankers' Association. Mr. Wilkie had replied, stating that he had submitted the accusation to Secretary Knight, who would report.

"We will not take any action in the matter," said Hon. Mr. White, "until we have received the report."

Amendments Agreed Upon.

Mr. G. B. McCurdy had an amendment to offer, providing that copies of shareholders' by-laws should be available to shareholders. The amendment was consented to without a vote.

The committee also consented to having the word, "Detailed" in the clause regarding the bank's statements of profit and loss. Mr. McCurdy declared that the present statement meant nothing. At the end of the year, he said, bank directors should be called up to give an account of their stewardship, and this account should be as far as possible so complete that shareholders may be able to form an opinion as to whether the directors have or have not been faithful stewards. The amendment carried.

Taxation of Bank Circulation.

Major Sharpe rose to speak in favor of an amendment proposing the taxation of bank circulation. He declared that banks in all other countries were taxed for the privilege which they enjoyed. Witnesses representing the banks had given the impression that they were philanthropists. He did not think so. The banks always declared that the evidence of it would fall upon the public. Despite what Sir Edmund Walker had said bank profits were abnormally large. The profits of the Molsons Bank from 1900 to 1909 were from 10 per cent to 15 per cent. The Dominion Bank profits were from 22 to 4 per cent. Major Sharpe asked that a tax of one-half of one per cent. be placed on every hundred dollars of circulation.

Registration of Loans by Banks.

On Wednesday half a dozen important amendments to the bank act relative to restriction of loaning powers and property holdings were defeated. One amendment was carried. It provides for the registration of all loans by banks on security of threshed grain or cattle. The Finance Minister pronounced strongly against it, but the amendment carried by a vote of 16 to 9.

Clause 3 of section 88, which provides that the bank may lend money to farmers or ranchers upon the security of threshed grain or cattle, was characterized by Major Sharpe as dangerous legislation. He was in favor of liens being granted if notice was given to the public; otherwise the rights of landlords and other creditors were likely to be endangered.

Mr. Carvell (Carleton), in supporting the amendment which Major Sharpe put forward for the compulsory registration of securities of this nature, said if the lien was made without due notice to the public it would be a violation of the practice in most provinces for the past twenty years.

Mr. J. A. M. Aikins (Brandon) presented the view of the West on the point, especially as to the desirability of this privilege owing to the periodical blockade of wheat.

Must Conform With Provincial Laws.

Mr. McCraney (Saskatoon) insisted that any legislation in regard to registration must be made conformable with the provincial laws. He supported the privilege of lien on the ground that Sir Edmund Walker had said banks would thereby lend more to the farmer.

The Minister of Finance said there was only one reason that would influence him to accept the amendment, and that was the transportation and storage aspects of the problem. Apart from that it was bad legislation. There was a danger of other creditors being victimized if liens were not registered. That, however, had to be balanced against the advantages that would accrue to the farmer, but if this lien had to be registered it would defeat the purpose of the bill.

CANADA STILL RECEIVES ATTENTION

Demand for Money is World-wide—Interest Rates—Continuance of Progress

"Although Canada still attracts much attention in political, commercial, and financial circles, the reception accorded to Canadian loan issues of various kinds in recent months has not been as encouraging as could be desired. This result has not arisen, I am satisfied, from any feeling prejudicial to Canada, or any doubt as to the intrinsic merits of Canadian securities, stated Lord Strathcona in London.

"People are almost as optimistic in the United Kingdom regarding the future of Canada as Canadians are themselves. But there have been whispers in one quarter and another from time to time, and some of them not uninfluential, that various public bodies in the Dominion appear to be borrowing rather freely and rapidly; that the progress of the country has been so great in recent years, land speculation so rife, and values have so much increased, that there is likely to be a pause in its development—if not a little setback, sooner or later.

Those of us who are specially concerned in Canada and are acquainted with what is going on, have been doing our best to place the true position before the public, and to minimize the effect of the undercurrent of suspicion to which I have alluded. It is easy to point out that the local conditions are very satisfactory, substantial, and promising, that the crops on the whole have been good, that business is flourishing, that the import and export returns have been especially satisfactory, that the revenue is advancing, if not by such rapid strides, at a steady rate, that the railways and industrial corporations are doing exceedingly well, and that the bank returns illustrate forcibly and thoroughly the advancement of the country and of the community.

Increased Interest Demanded.

"It must be stated, however, on the whole, that prices of existing securities have not been maintained, although the fall is not of any great extent, that most of the new issues have not been sought so eagerly as was the case a few years ago, and that in some instances the underwriters have had to take up a considerable share of the loans that have been offered. But these conditions have not been peculiar to Canadian issues, and they have been more or less general in their application.

"In this connection it must be remembered also that both investing companies and individuals like to divide their investments, so as not to have all their eggs in one basket; that they have absorbed many Canadian loans during the last few years; and further, that the tendency is—especially in the matter of municipal loans and of provincial loans—to look for rather higher rates of interest than it has recently been the custom to give. This requirement is extending pretty generally.

Demand for Money is Large.

The demand for money is so large and so widespread in almost every country of the world, and such good terms are offered to those who have money to lend, that they look somewhat askance upon the 3½ and 4 per cent. investments, which were formerly so much in favor. Then, again, there is the increased cost of living, or at any rate, the increasing sums are spent upon living, as compared with the past; and people everywhere are looking for higher returns for their investments in order to cover these additional requirements.

"I have not the slightest hesitation in saying that Canada will become before long as popular again in the financial markets as before. The country is certain, in my judgment, to continue on its path of rapid progress. Immigration is maintaining its volume, business is growing in proportion, and railway construction is going on apace. All these things mean an annually increasing area of land under cultivation, more producers and more consumers, and under ordinary conditions there appears to be nothing except international entanglements or other unforeseen contingencies which might tend to operate to the disadvantage of the country."

The Metzker Seed and Oil Company, of Toledo, have recently completed an agreement whereby they are to build at Moose Jaw a flax mill capable of grinding 8,000 bushels of flax per day.

A new organization, to be known as the United Boards of Trade of New Ontario, has been organized at Sudbury, to include the boards of trade of Sudbury, Sault Ste. Marie, North Bay, Sturgeon Falls, Callender, Blind River and Thessalon. The officers elected were as follows:—President, Mr. J. F. Black, Sudbury; first vice-president, Mr. A. J. Young, North Bay; second vice-president, Mr. J. B. Way, Sault Ste. Marie. Executive committee, Dr. Bird, Blind River; Messrs. C. T. Young, Callender; L. O'Connor, Sudbury; C. V. Shea, North Bay; R. C. Dobin, Thessalon; S. W. Fawcett, Sault Ste. Marie; and J. Craig, Sturgeon Falls.