of four hundred bank failures a day in the country to the south of us. Those banks, acting as loan companies, took mortgages on real estate, and the assets that should have been available to them were not available when needed. When farm properties and properties in towns, cities and villages became unsalable those banks had no liquid assets and were compelled to close their doors. Furthermore, in the United States each State has the right to incorporate banks, and many of the banks operating in that country are working under the charter of the individual State. There is no co-ordination, nor any central control. Unfortunately for our friends to the south, banking has been a go-as-you-please sort of business, and the banks have fallen like ninepins. We have been very fortunate in our banking system, in having it under the control of the Dominion Government ever since Confederation. Uniform laws and regulations throughout the country have been the saving feature of that system.

In the first revision of the Bank Act, as I have said, Parliament provided that bank notes were to be a prior lien on the assets of the banks. In addition it was provided that forty per cent of the cash reserves of every bank doing business in Canada should be invested in Dominion notes.

The second revision was in 1890. In the meantime there had been a number of bank failures. In that year Parliament created the bank circulation redemption fund and required the banks to deposit with the Minister of Finance five per cent of their average yearly note circulation, and more if the Government thought necessary. If the liquidators of a bank that had failed did not have enough money available to redeem the bank's notes from the two sources provided in 1880, the notes were to be redeemed out of this fund.

There were more bank failures before the next revision of the Act took place in 1900, in which year the Canadian Bankers' Association was incorporated. There had been a Bankers' Association formed three years before, if my memory is correct, but, while it no doubt did some good, it was only a consulting body, without a constitution recognized by the Government. It was very much like the League of Nations in that it could not enforce anything. Parliament provided for control by a curator over a suspended or bankrupt bank pending appointment of a liquidator. The Government had the right to appoint a man as liquidator, and it was given the power to maintain closer supervision over the issue and distribution of bank notes. I will not go into the details, because it is a long story, and it is enough to say here that all these matters were made subject to the Treasury Board.

Up to that time a considerable number of banks had failed. In the first twenty-three years after Confederation ten banks failed and nine withdrew from business or were absorbed by other banks. Each bank failure apparently impressed upon the legislators of the time that the interests of the people who did business with our banks were not properly safeguarded and that there was much that the Government could do to improve the situation.

Then, in 1913, came the establishment of a central gold reserve, four trustees being empowered to receive from the banks deposits of gold or Dominion notes, against which the banks might issue an equal amount of their own notes. That was a very significant change. After that amendment banks could issue notes only in proportion to the amount of gold reserve or Dominion notes which they had deposited here with the Minister of Finance.

In 1923 section 88 of the Bank Act, which we all have heard discussed in this House and elsewhere, was enacted. While it has been strongly criticized by many people, it seems to be a necessary section. Our banks have never been allowed to lend money on mortgages or real estate of any kind, and if the business of the country was to be conducted on a larger scale in the future than it had been in the past, it was necessary to make it possible for large organizations to borrow money on their available assets. Briefly, section 88 empowers a bank to make such loans, and that is all it does: a bank can take a prior lien on the stock in trade and the available assets of a large corporation and lend money on that security. When a bank makes such a loan it has a prior lien on the assets just in so far as it has advanced money against that collateral. The section might militate to some extent against the interests of people to whom money was owed by a bank that failed, but this disadvantage was more than offset by the increased facilities for business which were given to all parts of Canada.

I will not deal further with this question, because many honourable members present know far more about it than I do. But I want to say to my honourable friend (Hon. Mr. Casgrain) that, contrary to what he seems to think, the banks are not infallible. They are private institutions, working for their own interests, as they ought to do, and at the same time they are serving the public, as any good business in Canada should. Our banks