

Bank Act—Mr. Woodsworth

suffered enormous losses as well, which losses could be covered up only by their enormous profits. The main consideration however is not so much the money actually made for the shareholders of the banks; it is rather the power of control that is vested in the directors. Take the question of loans made to the directors. I have in my hand a newspaper clipping which I shall quote, and I fancy the situation is practically the same as it was on October 31 of last year. The bank returns at that time showed:

Under the heading: "Aggregate amount of loans to directors and firms of which they are partners, and loans for which they are guarantors," appear the following amounts credited to or charged against the banks cited. The figures are given in the ascending order:

Banque Canadienne Nationale..\$	331,803
Imperial Bank of Canada.. . .	414,255
Banque Provinciale du Canada..	642,416
Bank of Toronto..	805,965
Dominion Bank..	1,158,830
Bank of Montreal..	1,302,949
Royal Bank of Canada.. . . .	2,458,215
Bank of Nova Scotia..	3,017,986
Canadian Bank of Commerce..	4,615,328
Total..	\$14,747,607

The only bank reporting no such loans is Barclay's Bank, a British institution. The average amount of such loans per bank is \$1,638,623, and the average paid-up capital is \$16,000,000, so that approximately 10 per cent of the average capital has been loaned to directors, and firms to which they are partners and upon the strength of their guarantees.

It is not much wonder therefore that the article is headed "It is good to be a Bank Director." Perhaps it will be said that it is only a few disgruntled people who have any quarrel with the present banking system. I would point out that the difficulty is to have the majority of the people present their point of view in any way that would make it effective. At the last revision of the Bank Act, it will be remembered, the bankers' association spent no less than \$100,000 in lobbying. That fact came out at the time of the failure of the Home bank, and those of us who were on the banking and commerce committee will recall that a number of the very best lawyers in Canada were there day after day, week after week, acting in any way that might seem of service to their clients. While they were not permitted to participate in the actual discussions, they were there to advise. I am not suggesting that there was anything that might be called illegitimate in the work they carried on, but I point out that it is difficult for the people, unrepresented by counsel, the great mass of the producers and consumers of the country, to face a lobby of that sort. But even had we

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succeeded in getting anything worth while embodied in the bill, the bill had to go to the Senate and there it would have received I am afraid rather rough handling. I remember meeting one of the bank lobbyists just after the bill had passed the Commons and I said, "I thought you had gone home." He replied laughingly, "Oh no; we have gone to the Senate now." There is the situation as it exists in practice—a group of people, many of whom are directors on these various institutions, in a position to veto whatever is done by the elected representatives of the people.

Under these circumstances it is no use closing our eyes to the fact that it is difficult to get enacted any legislation that would be of service to the great masses of the people. In the various investigations held either at the time of the Bank Act revision or in the next year or two my eyes were opened to the fact that very few people were free to come out in criticism of the banks. Again and again business men, some of them of fairly high standing, would come to me and represent the situation in which they found themselves with regard to the securing of credit from the banks. I said to them, "Will you come and tell that to the committee?" The reply would be, "Not on your life; the banks would immediately cut off our credit." I am not prepared to say whether that statement is correct or not, but I do say that these business men felt that to be the situation; and in those circumstances, to put it frankly, they dared not imperil their business by coming forward and giving evidence before the committee. So that it is extremely difficult to get the point of view of the great majority of the people adequately placed before this house, or placed in such a way as to receive any great consideration.

Moreover, we must remember that our banking system operates frankly in the interests of the commercial classes, and of certain of the commercial classes at that. Mention has already been made to-day of the fact that there is not adequate provision for the granting of credit to farmers. In fact, the present commission, after it had discussed the need of a central bank, contented itself by saying that it would be a good thing for another commission to be appointed to look into the question of agricultural credits. That is as far as we have got. So far as the great mass of the labour people of the country are concerned there is no hope of their getting consideration from the banks. If a labour man or a small business man wishes to build a house there is no chance of his getting anything from a bank. Under our system we have