

than that. Not only have we made audit compulsory; but we have provided that, in the event of shareholders representing one-third of the paid-up capital of a bank informing the minister that they are dissatisfied with an appointment made by a majority of the shareholders at an annual meeting, they:

May make application to the minister to have the person or persons so appointed superseded, and the minister may, after such inquiry as he may deem necessary, select an auditor or auditors instead of the auditor or auditors appointed at the annual general meeting, and the auditors so appointed shall thereupon cease to be the auditors of the bank

In addition to that, we have provided that the auditors shall be selected by the men who are probably most interested in the safe and honourable conduct of banks in Canada, namely: the general managers of all the banks acting jointly. In addition to that, section 56-A, which is a very important one, and which goes a very long distance along the lines which my hon. friend has in view, says:

The minister may direct and require any auditor appointed under the next preceding section of this Act, or any other auditor whom he may select, to examine and inquire specially into any of the affairs or business of the bank, and the auditor so appointed or selected, as the case may be, shall, at the conclusion of his examination and inquiry, report fully to the minister the results thereof.

That means that, upon the minister receiving notice that the business of a bank is being conducted improperly, he can ask the auditor appointed by the shareholders to make an investigation into the affairs of the bank and report to him. The reason why I introduced that clause was because it was brought to my attention that under the present Act, if a Minister of Finance had notice as to an irregularity in a bank, he was powerless to make any inquiry with regard to it. In 1891, an attempt was made to introduce an external audit; and, in response to the remonstrance of members on both sides of the House, it was dropped as being unfeasible. My predecessor thought it would be impracticable to introduce audit or inspection. When my hon. friend recalls these facts, he will agree that we have made very substantial progress. We all recognize that the banking organization of Canada is probably as important an organization as exists. We want to be fair to that organization and to the public, to safeguard its interests in every possible way. I think we have made a long step forward in that direction. More may be done in the future; but, for the present, the committee almost unanimously have reached the conclusion

that this legislation is as advanced as it can be at the present time, having regard to the distribution of the branches and offices of Canadian banks throughout this Dominion and other parts of the world.

Section agreed to.

On section 76—business and powers of bank:

Mr. SHARPE (North Ontario): The other day I suggested an amendment which I should like to discuss shortly. This is an amendment to section 76, sub-section 2, to which it is proposed to add as follows:

(d) Lend money or make advances in excess of ten per cent of its paid-up capital to any one foreign person, company, or corporation or upon the securities of any such foreign person, company or corporation.

In the immortal words of the hon. member for South York (Mr. Maclean) I think that the people of this country think that there is not enough money to go round. Therefore, without absolutely prohibiting the banks from lending money to foreign corporations, I think there should be some reasonable restriction upon the sending out of money that is needed in Canada to be loaned abroad. I have here a letter from a Winnipeg business man, which says:

We had a line of credit with this bank, personally and as a firm of \$40,000. They have asked us to pay back all the money advanced to us on loan, which we were compelled to do, and have done. It appears to us that they are hard up themselves, and have no money to loan to their customers, and that they are making all who can, pay up, and only carry the parties who cannot pay.

He goes on:

We think that before the bill finally passes it might be well to call the attention of the House to a few facts in connection with the way that the banks treat the people. When times are good and people can get along without the money, they are anxious to loan. When people really require the money in order to carry on their business then they refuse to loan. Further, the custom of the banks generally is to extend large credits to railway corporations and large manufacturing and mercantile interests, and to do little or nothing for the farmer and the smaller business man and merchant. In fact, at the present time, it appears to be a fact that the former class have absorbed all the available funds of the banks, and there is nothing left for the little fellow at all. These large railroad corporations and other large concerns are all depending upon the farmer, and without the success of the farmer there would be no need of either the large railroad corporations or the large manufacturing concerns.

He goes on to discuss the difficulty which the small ordinary business man