

us get that law, and the sooner we can get it the better for our country. Let me say to you, Mr. Speaker, that there are in this country to-day depositors from the Atlantic to the Pacific who are looking on, who are watching this government to see if this government are ready to act, not only in the interest of the banks, but in the public interest, to secure the depositors of the country. There are shareholders to-day from the Atlantic to the Pacific who are not satisfied with the management of the banks and who are anxious to see amendments to our banking law. Let me go further. There are banks to-day—strong banks that have conducted their business on conservative lines—which do not approve of that sort of work, and which would like to see the laws amended so that it will be stopped. There are the smaller banks, and while I mention smaller banks, I will say to the credit of the smaller banks, to the credit of our latest creations, that they are doing good work to-day in Canada, and I was very pleased to see by the annual statement of the infant bank—the Farmers' Bank—that it has a greater percentage of assets to liabilities than the Canadian Bank of Commerce. Let us look for a moment or two at this table giving a percentage of assets to liabilities, and I will show that the Canadian Bank of Commerce has a lesser percentage of assets to liabilities than any other bank doing business in the Dominion of Canada. Is it any wonder that it has been losing deposits by the million during the past few months? Let us just compare these two banks. I am going to take the smallest bank we have. The latest bank, which, for a young bank, seems to be in a fairly strong position, shows a ratio of total assets to liabilities to the public of 152, while the Canadian Bank of Commerce shows a ratio of total assets to the public of 117—the smallest of any chartered bank doing business in the Dominion of Canada, a bank that has had great opportunities, a bank that to-day, if it had followed conservative lines, should have been in as strong a position as any bank in this country. They have been gambling with the funds, and I am afraid they did not always place their money on the winning stock. I say we should devise some sort of means to prevent that sort of thing in connection with our banks.

I am not going to say anything more in regard to the first amendment, which, I think, is a proper amendment to our Banking Act, and which is an amendment which will give government inspection; but I will pass on to the second, and that provides for more stringent laws in regard to circulation. I know the answer that the banks will make when it is suggested that we should provide more stringent regulations as to circulation. They say at once: Oh, leave that to us; the Canadian Bankers' Association have passed very stringent by-

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laws in regard to circulation; we will watch circulation very closely. Now, just while we are discussing that, let me say that I have not yet found any country that deals as liberally with banks as Canada. I personally am finding no fault with permitting the banks to issue circulation for every dollar of paid-up capital. That is what we are doing. Any bank that has a paid-up capital, we will say of \$5,000,000, is entitled at once, without any expense, without paying any tax to the country, without any burden imposed on it in any shape, manner or form, to issue notes to the extent of the paid-up capital of \$5,000,000. No country under the sun permits it except Canada. Therefore, I say that when we permit it we should regulate it. There is only one method of doing that, and it is the method adopted by all other countries in which the government take the circulation into their own hands. When a bank comes to the government and shows that it has a paid-up capital of whatever it may be—one, two or three million—the government will issue to the bank a circulation. I am not complaining in regard to the security of our note circulation. We all know that the circulation is practically guaranteed by all the banks of this country, and that it is a first lien on the assets of the bank. Therefore, I say that the note holder is perfectly safe. We know that in England there is supervision of circulation. We know that notes issued by the Bank of England are secured by the actual gold, plus the amount due the bank by the British government; so that notes in Great Britain have practically absolute security. I believe that in this Dominion of ours they have absolute security as well, although, if there were a demand to-day upon any one of the large banks for the redemption of their note circulation, they would have to scurry pretty well to redeem it.

Mr. W. ROCHE (Halifax). Did the Bank of England never fail?

Mr. PRINGLE. Once. But Great Britain passed stringent laws in regard to banking, and from that day to this the Bank of England and other banks are very closely watched and restricted, and we do not see the failures. Oh, the Bank of England did fail once; at least, that is my recollection from reading the history of that institution. The notes of the United States banks, as we know, are secured by government bonds. That is an important difference between the two countries. A national bank desiring to do business with the United States has to deposit government bonds. When it has deposited these government bonds it is entitled to a circulation up to 90 per cent of their value. It does not get the free use of millions of dollars. These bonds are only bearing 2 per cent, and yet the national banks of the United States of America have been able to make money while paying their depositors 3½ to 4 per cent. They are re-