

larger population to the south of us for some of our water-power.

Then there will be two things to consider. It will be difficult for the Government of this country—any Government of this country—to say to our neighbours to the south, “We cannot let you have so many hundred thousand of horse-power”—even though it would bring in five or ten or twelve or fifteen cents, or whatever may be the rate per unit—“because we shall want that power in the future.” The fact is that just as soon as our Government—or I will say we, who are pressed for funds in order to meet the interest on our debt, receive a reasonable offer for power, we are apt to sell it. That power can be sold on a five, ten or twenty year contract, and our friends to the south, taking that power in a ten-year contract, would establish plants on the American side. Towns invariably spring up around such plants, and at the end of ten years there would be probably ten or fifteen towns, each with one hundred thousand or two hundred thousand inhabitants. I ask you, at the end of the ten years would our neighbours to the south willingly consent to the cancellation of those power contracts, the abandonment of those towns and the closing of those factories? I say they would not. This is another reason why I have very grave doubts at the present time as to the advisability of developing the St. Lawrence Waterway in the interest of the people of Canada.

Hon. Mr. CASGRAIN: Hear, hear.

Hon. Mr. BLACK: My honourable friend opposite (Hon. Mr. Casgrain) said that he was opposed to the establishment of a Central Bank. He made some statements with which I cannot agree. In the first place he said, “If we establish a Central Bank in the country fifty per cent of all the branch banks in the country will be closed.” I cannot accede to that statement. I see no reason for it, do not believe it for a moment, and have never heard anyone give any figures to justify it. The honourable gentleman paid a great tribute to our banks, and intimated that they were almost perfect; in fact, I think he said they were perfect. I yield to no man in my admiration of the banking system that we have in Canada. It is a splendid system and has served the interests of Canada through periods of stress in a most remarkable manner. Nevertheless, a bank, like any other business concern, is essentially and primarily designed and established for the benefit of the shareholders, in order to make money for the people who have invested in that institution; and quite properly so. I want to say further that the banks in Canada were not always in

the sound position which they occupy to-day. They have not always served the people of Canada as well as they are serving them to-day. Why has the situation changed? It is because this Parliament from time to time has put safeguards around the banks, and at every revision of the Bank Act, which was first passed in 1871, has increased those safeguards, so that our banks stand to-day in an enviable position and have been a great blessing to this country, and consequently to the whole British Empire. It is only fair to call attention to some of these things, because we must not let ourselves be misled into thinking that our banking system has been made perfect by the banks themselves. That is not so.

In this connection may I call attention to one or two points? Some of the banks in Canada were established before Confederation. If my memory serves me aright, the first two were the Bank of Montreal and the Bank of New Brunswick. I think they were both established in 1822. The third was the Bank of Nova Scotia, chartered by the province of Nova Scotia in 1831. The charter of the Bank of Montreal is almost a replica of that of the Bank of New York, which was founded when New York was a British possession, its charter being very similar to those of the Scotch banks. Since that time the charters of our banks have followed similar lines.

The double liability clause appeared in the Act by which the Bank of Nova Scotia was established. I do not think it appeared in the Acts establishing the Bank of Montreal and the Bank of New Brunswick. That clause was incorporated into the Bank Act of Canada in 1871.

In the first revision of the Bank Act, which was made in 1880, Parliament enacted a provision that bank notes were to be made a prior lien on the assets of the banks. That was a very wise provision, because previously the notes had nothing behind them but the money that the banks might have in their vaults.

May I interject here that that is one of the two great points that have made the Canadian banks so much more stable and so much safer for the investor than the banks in the republic to the south of us. In the United States the banks have not in many instances been real banks at all; they have been a combination of loan companies, insurance companies, land companies and banks, and whichever business was the most profitable was the business they engaged in. That was the reason why for a few days we saw an average