

or may he go into a bank at any time? During his investigation or audit, if he discovers any violation of the Act or any fraud, is it his duty to report to the Minister of Finance and the shareholders at once?

Mr. WHITE: It was thought inadvisable to limit the appointment of an auditor to a definite term of years because a man doing his duty faithfully for four or five years might find himself minus his position as auditor at the end of that time as some of the other banks might not select him. I have never known of any legislation that has gone the length of saying that an auditor should be appointed for only a limited time. The check is that in the event of any complaint as to the auditor, the shareholders need not appoint him, and in the second place the minister may disapprove of the appointment of an auditor at any time as to particular banks. What I had in view in that was, that a man who had been many years an official of a particular bank might be an excellent auditor, but I should not like to see him appointed for that bank, although he might be an excellent auditor for any other bank. This audit clause has been drafted having regard to the provisions of the English Act and to the decisions of the English courts as to the duty of an auditor, and I am inclined to think it is as full as it can be made, if the principle of audit is adopted.

Mr. OLIVER: I do not wish to offer any amendment to the clause at the moment. The Banking Committee has had the matter under full consideration and I am willing to leave the responsibility there. I am not sufficiently familiar with banking matters to offer any amendment or even any serious objection, but it appears to me that the result of this provision as it is, while it may have some value and it may be the best way of getting at the conditions, yet, I see in this section, as in other sections of the Bill, an abdication of that right to control by the people through their Government that I think is absolutely necessary for the well-being of the state. I have nothing whatever to say against the principle of the banking law, but there is no doubt that our banking interests to-day have become a great power in the state. They have arrived at such a pitch of power that it seems to me it is necessary that the supremacy of the state, that the propriety of control by the state, that the authority of the state, should be asserted in this Act. The passing of the Act is an assertion of that authority, but the provisions of the Act one after the other as I read them are an abdication of that authority, so far as it can be abdicated. That is the criticism I desire to make. I am not in a position to make any suggestion contrary to the

Mr. SHARPE (North Ontario).

provision that is contained in this clause. But it seems to me that the matter of ensuring that the money of the people to the amount of over a billion dollars is being properly handled is a responsibility that, in the nature of things, should rest upon the government of the country. To abdicate that responsibility to any authority, and especially to that authority which has a private rather than a public interest in the matter, is not, on the face of it, such legislation as in these days we should look for. There have arisen in the commercial life of the world new conditions which require to be dealt with. There is legislation required to-day; there is assertion of public control or governmental authority required to-day that was not required in years gone by. I am sorry that in this revision of the Bank Act, which is supposed to stand for ten years, there is not that progress towards that assertion of control by the public through the Government, which I think would be for the good of the state, and which I do not think would be bad for commercial or financial interests immediately concerned in this Bill.

Mr. WHITE: My hon. friend has hardly had his attention directed to certain sections of the Bill, or he would not say that substantial progress had not been made towards safeguarding, so far as legislative enactments can safeguard, the interests of depositors and others doing business with the chartered banks of Canada. Without going into the merits or demerits of inspection, I desire simply to say that this legislation is in advance of any legislation in the Empire to-day, so far as restriction upon the operation of banks is concerned. I wish to say again, what I said in this House and in the committee, that in the last analysis, no matter what legislative enactments you may have, the safety of the public will depend upon the integrity and ability of the men who administer the banks. Unless the Government actually takes over the business of the banks, so that it would be responsible for the making of the loans, it will not be in a position to guarantee the public that a bank is absolutely safe, because the question of whether loans are good or bad must depend upon the judgment of the directors and the managers of banks, and because, whether there will be fraud or not will depend in large measure on the integrity of the management. We have sought to embody in our legislation this principle that the Government should, to the best of its ability, safeguard the interests of the depositors by providing for external audit or inspection of banks by auditors occupying an independent position, not officials of the banks appointed by the proprietors for the shareholders. We have gone further