

News from Ottawa

Bank Act will be amended to permit loans on farmers' grain and live stock—
May be election on naval question
(By The Guide Special Correspondent)

Ottawa, Dec. 20.—Parliament rose on Wednesday afternoon, Dec. 18, and business will not be resumed until Tuesday, Jan. 14. Owing to demands made upon the Premier by members from the Maritime Provinces and the far West a somewhat more extended holiday than usual is being taken. The original proposal was to adjourn from Dec. 19 to Jan. 8, but to this strenuous objection was taken on the score that it would give members who come from a long distance only one week at home. The objections were voiced in the House by E. M. Macdonald, Liberal member for Pictou, who was doubtless speaking for the long-distance men on both sides, and the Premier good-naturedly consented to the longer adjournment.

While much interest has attached to the pre-Christmas session of the House, more particularly owing to the naval announcement and the development of the alternative policy of the opposition, it cannot truthfully be said that much business has actually been done. Comparatively few bills have been introduced either by the government or private members, the ratification of the trade agreement with the West Indies has not gone through as was expected, and, apart from the navy resolution, only one important piece of legislation has been given a start in the House. That is the bill to amend the Bank Act, which was introduced and explained by Hon. T. W. White, on Tuesday afternoon.

Bank Act Amendments

While the amendments proposed to the present bank act are not so radical as it was supposed they might be, they will undoubtedly result in improving the present law in more ways than one. The minister is confident that the provision making it compulsory for shareholders at their annual meeting to name an auditor who may be called upon by the minister at any time to make a report as to the correctness of any statement issued by the bank either to the shareholders or the government, will prove to be a strong moral as well as practical safeguard. He believes that under the amended law, when it comes into force, such frauds as led to the wrecking of the Farmers' Bank will be detected early while other bank failures of less serious nature will be prevented. The bill provides additional safeguards for the subscribers to new banks by limiting to a minimum the amount of money which provisional directors will be allowed to spend previous to the issuance of the bank's certificate by the department of finance.

An exceedingly important section is one which provides that directors and officials of banks guilty of negligence shall in future be subject to indictment. Under the present act it is necessary to prove that there has been wilful intent to do wrong. It has practically to be shown that a director, or a president, no matter how negligent, has had guilty knowledge before he can be indicted. The new act will have the effect of forcing directors and presidents of banks to take a closer personal interest in the affairs of the bank, or banks, with which they are connected.

A proposal which may be subjected to some criticism by those possessing a sound knowledge of financial economics is one to allow the banks to create a central gold reserve into which a bank may deposit gold and issue additional note circulation, covering either a part or the whole of the deposit. The gold is to be held by four trustees, three to be named by the Dominion Bankers' association and one by the government. The argument is being advanced that under this arrangement the banks will be able to get possession of all the gold in the country. If there is any danger attached to such a condition it will no doubt be elucidated by the financial critics of the opposition when the bill receives further consideration.

Financing Farm Products

The discussion in the House relating to the extension to the banks of the

right to lend money on grain are of sufficient interest to give in detail: "We have given," said the minister, "to the farmer of the West the privilege of borrowing under the bank act upon grain in his own possession. Or, to put it in another way, we have permitted banks to loan to farmers on the

security of threshed grain in their possession."

"How about the farmers in the East?" inquired Mr. Emerson.

"The legislation is general," replied the minister.

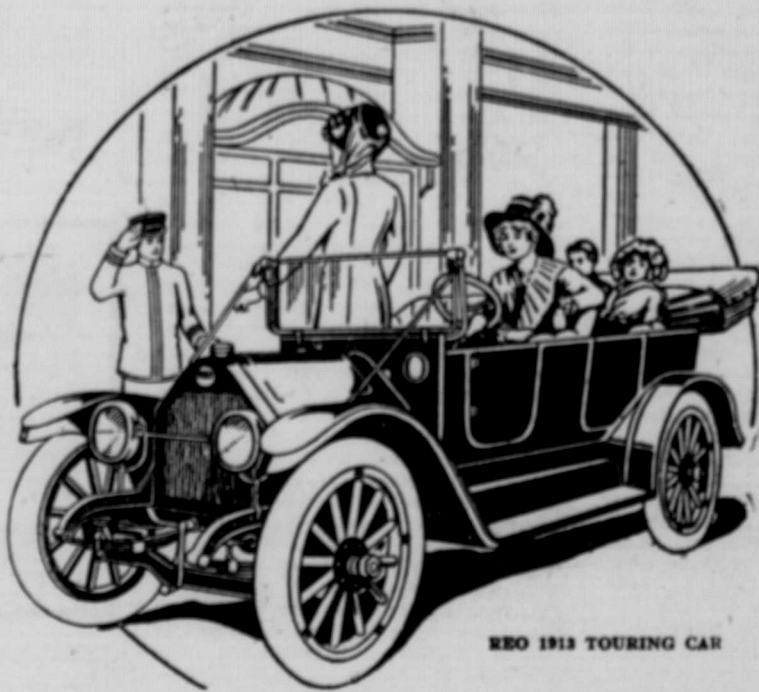
"The Hon. Minister in speaking limited it to the West," remarked Mr. Emerson.

"I mentioned the farmers of the West," explained Mr. White, "because it was having regard to the situation in the West that it was thought desirable that the law in this respect should be changed. The matter was given very careful consideration, because it does raise very important questions as to the

lien of the banks, the rights of creditors and other matters that have been discussed in this House, more particularly I think, in 1890. However, having regard to the desirability of encouraging the farmer of the West to provide storage facilities; having regard to the transportation problem, I thought that the advantages of the legislation would more than counterbalance its disadvantages."

"Is it confined to grain, or does it apply also to livestock?" asked Dr. Schaffner.

"We have also given the rancher the privilege of borrowing upon his cattle," replied Mr. White.



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