

No person wishes to do damage in dealing with this matter. What is wanted, I understand, is to do good. My hon. friend's proposition is a fair one. It is good as far as it goes, but let me point out that we are now providing legislation on the principle that it shall not be interfered with for ten years. We are passing legislation, and while Parliament, of course, will have the right to interfere with it, it is generally understood that it is for the good of business that, having once settled upon the provisions of the Bill governing the operations of banking, that legislation shall stand for ten years. It does not have to stand for ten years and Parliament can deal with the question whenever it wants to. Will my hon. friend agree to this proposition? When he discusses this matter with the banking interests, if they are unable or unwilling to come to the view which he has expressed and which he believes is in the mind of Parliament, might we expect then that at a later date, without waiting for the expiration of the ten years' term, he would be willing to make legislative provision for compelling the banks to do what they should do without being compelled and which we are very glad to leave to them to do so long as they do not need to be compelled to do it?

Mr. WHITE: That strikes me as a fair proposition. After I talk it over, as I intend to do, with the bankers, if they fail to carry out that policy, I think it would be very proper for me to introduce legislation which would compel its adoption.

Mr. DOUGLAS: There is one point that has not been mentioned and it is the fact that a man who borrows money from a bank, usually a business man, has to deposit his insurance policy with the bank manager. This gives the bank manager an undue knowledge of where this man is placing his insurance business. It gives the bank manager an advantage that he should not have because he is placed in a position to bring pressure upon that man to place his insurance with the companies represented by the bank manager. This is rather a serious question to a man who is borrowing money and depending on the good will of the bank manager to get that money. Therefore, this clause should remain in the Bank Act. Any reputable bank prohibits its employees from soliciting for insurance, dealing in real estate, or engaging in other speculative transactions, and if a bank is not sufficiently alive to its interests to force its managers to keep out of business that interferes with the business of its customers then Parliament should enact legislation compelling it to do so.

Amendment (Mr. Turgeon) agreed to: yeas, 41; nays, 17.

Section as amended agreed to.

On section 56—shareholders audit; selection of persons competent to be auditors:

Mr. OLIVER: I assume from the fact that no amendment has, up to the moment, been offered to this section, that the Banking and Commerce Committee decided that it was satisfied with a shareholders audit rather than an audit on Government responsibility.

Mr. WHITE: Yes, I believe that was so. Very full evidence was taken on that before the committee and I think it was shown that inspection by the government would be practically impossible in the case of a banking system such as Canada has with three thousand branches scattered over the continent and in various parts of the world unless that inspection were carried out as thoroughly in regard to all the offices of the several banks as the system in vogue and operation by the banks themselves. The main question then as to audit was how to qualify the auditor if he was appointed by the shareholders. My hon. friend will recollect that when the matter was in the House, and he will have observed also that when it was before the committee, it was pointed out that the directors might control the appointment of an auditor and that consequently his audit might not be thorough, especially if he fell under any evil influence from the board of directors or from the management. It was pointed out in evidence, I think by Mr. Clarkson, who was the liquidator of the Farmers' Bank, that if we could be sure that the auditor was a man of high standing and integrity it would not make very much difference by whom he was appointed. In view of the evidence, especially of Mr. McLeod, late general manager of the Bank of Nova Scotia, who has given a very great deal of attention to this question and who was the first bank manager in Canada to introduce a system of audit, the conclusion was reached, fairly unanimously by this committee, that if the general managers of the several chartered banks in Canada acted together and by ballot, so as to remove them from the possibility of influence on the part of the association as an association, the result would be the selection of a list of auditors from whom the shareholders might choose with a certainty of getting reputable and trustworthy men. There is an amendment of a minor character suggested by the hon. member for Kingston (Mr. Nickle) for the purpose of particularizing the duties of the auditor.

Mr. SHARPE (North Ontario): Can an auditor be appointed year after year, as long as the bank so desires? It seems to me it would be desirable to restrict his time as auditor to a term of years. Under this clause is the auditor restricted to auditing once a year at specified times,