

our money and leave the ten millions for the banks to handle. I repeat that what would be good policy in Britain might not be good policy in Canada. We want our money kept in Canada to develop the country. We are passing legislation giving the banks the right to receive the money and to issue dollar for dollar of their capital in paper money. If a bank has a capital of five million dollars, then it can issue five millions in paper and it has its own five million dollars capital in addition. We are giving valuable privileges to the banks of Canada, and in return we have the right to demand that the banks will keep their money in Canada and do business in Canada. The Minister of Finance may believe it is necessary to pile up forty per cent of the banks' assets and not loan them in Canada, but I do not believe it. I look upon the bank as very much like a business man, and it would be foolish for a business man, especially in time of stringency, to divest himself of his ready cash, but when I am told I have to keep forty per cent of all I am worth in ready cash in my safe, I do not believe it.

Mr. WHITE: It is to be carried in the form of cash or readily available assets; in bonds that can be readily sold.

Mr. CARVELL: It amounts to the same thing. If the Minister of Finance says I should keep forty per cent of all I am worth in some sort of a liquid asset on which I can realize in a day or two, I say it is not necessary.

Mr. CLARK (Red Deer): Does the hon. gentleman think that the banks, under the conditions he has described, do pile up the capital?

Mr. CARVELL: I do not believe they do. They take it to New York because they can make more money out of it. That may be a violent assumption on my part, but I would like to see some evidence to the contrary before I would feel that the banks are justified in taking this enormous amount of money from the people of Canada at a time when the people of Canada need it.

At one o'clock, House resumed, and then took recess.

At three o'clock, House resumed and again went into committee.

On section 76—business and powers of banks:

Mr. CARVELL: I trust the Minister of Finance will see his way clear to accept the amendment moved by my hon. friend from North Ontario (Mr. Sharpe), with such changes as may be necessary in the case of banks doing business outside of Canada.

Mr. CARVELL.

Amendment negatived.

Section agreed to.

On section 88—loans upon live or dead stock:

Mr. WHITE: With regard to this section, I have a rather important suggestion to make, arising out of the discussion of Friday last. Upon that occasion I stated that the Bank Act, under section 88, expressly recognizes the principle of giving bankers a lien upon the products dealt in by wholesalers. Section 88 provides:

The bank may lend money to any wholesale purchaser or shipper of or dealer in products of agriculture, the forest, quarry and mine, or the sea, lakes and rivers, or to any wholesale purchaser or shipper of or dealer in live stock or dead stock or the products thereof, upon the security of such products, or of such live stock or dead stock or the products thereof.

I pointed out that it had been the practice of the banks in the West, under the authority of this section, to make loans upon the security of live stock to parties engaged in the wholesale rearing of cattle, that is to say, ranchers in the sense in which I understand that term, namely: men who are engaged in rearing cattle on a large scale as their principal occupation, and whose farming operations would be subsidiary to that. Some doubt was cast upon the validity of such a lien by a judgment of Chief Justice Sifton in the Supreme Court of Alberta. It was in order to make it perfectly clear that a bank might make a loan under the authority of this section to ranchers that I inserted sub-section 3, which reads as follows:

The bank may lend money to a rancher upon the security of his cattle.

In other words, the legislation of the new Act was intended not to be of an enlarging character but to be declaratory, namely: to declare that the law was as it had been understood to be by bankers. It has been pointed out to me by the hon. member for Calgary (Mr. Bennett) and other lawyers in the West that there appears to be no reasonable doubt that the banks, under the existing Bank Act, can make a loan to a rancher, that is, in the sense in which I understand the term, and can validly take back a lien upon his cattle, under the provisions of section 88 which I have just read, and especially under this provision:

The bank may lend money to any wholesale purchaser or shipper of or dealer in live stock.

I am assured therefore, by eminent legal authority that the banks to-day can legally do under the existing Bank Act what I had in mind to make perfectly clear that