

think that the banks themselves should take steps to stop the practice, because, undoubtedly, it is injurious to the business of the bank. I know many cases in the West where bank managers are interested in insurance business and I have often heard depositors and business men dealing with the bank say that if there were a competing bank they would transfer their business, because they were pestered by the bank managers asking them to withdraw their business from other insurance companies and to do business with the companies which they represented.

Mr. BORDEN: I think that in recent years there has been a distinct change in policy on the part of banks in regard to such matters. My earliest recollection of the business of banking in Nova Scotia is of a time when men did not devote their whole attention to the business of carrying on a branch or such agency of a bank. I can remember when a very prominent firm of solicitors in the western part of Nova Scotia were agents or managers of the Bank of Nova Scotia. They carried on their business as solicitors, and also managed an agency of the bank. If I am not mistaken, a very prominent firm of merchants in the county of Pictou also acted as managers for one of the banks. The policy of the banks in later years has been to do away with that system, and to have managers who entirely confine themselves to the actual duties of carrying on the banking business. Although that may not be so in all cases, it seems to me to be a matter for regulation by the banks themselves. The principle to which the Minister of Finance has alluded may be a very proper principle, and I do not dispute it. But if you are going to regulate matters of this kind, it seems to me you should go further and prescribe the regulation of the duties of the manager of a bank in other matters than in respect to this particular business. Why should we set out in the Statutes of Canada that a bank manager shall not carry on a particular business so long as he is a bank manager, and leave it absolutely open to him to carry on every other kind of business? We ought to do either the one thing or the other; we should say he shall not carry on any other business, or leave it entirely to the regulation of the banks themselves. It seems to me that it would be perfectly safe to leave a matter of that kind to the regulation of the banks, because if we undertook to regulate the administration of a bank in respect to one matter, the result would necessarily be that we must undertake to regulate it in a great many other respects.

Mr. OLIVER: I think perhaps that the parallel my right hon. friend suggests is hardly exact. There is a relationship between the proper business of a bank,

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assuming it to be the loaning of money, and insurance, both life and fire, which possibly does not exist between the loaning of money and any other line of business. It is because the two work together so naturally and so conveniently that so many bank managers have gone into the insurance business. It is because they so naturally fall together that objections are raised to the condition, not only by men who are competing in that line of business, but also by the customers of the banks, who think, perhaps, they are not getting a square deal in the matter of their banking business by reason of the pressure exercised upon them in respect to insurance.

Mr. WHITE: As I stated before, the principle underlying this clause is sound, but I think that legislators generally when introducing new legislation have regard to existing conditions and try, as far as possible, not to do any damage to those who, under preceding legislation, have built up their business. As I have stated, I think that the banks of Canada should pay their bank managers a sufficient salary to make it unnecessary for them to engage in any side line. At the same time it has been impressed upon me that to put through this legislation, in this particular shape, and at this particular time, would have a very serious effect upon a number of people. I think, therefore, that as the practice has been recognized by existing legislation, it would serve the purpose the committee had in view if I took the matter up with the different banks, or with the Bankers' Association, and stated to them that there was a general opinion in Parliament, and in the committee, that these insurance agencies were greatly to the disadvantage of other citizens of Canada, that it gave to the bank manager an advantage over them in obtaining business, and that it was a practice which should be stopped, at all events so far as the future is concerned. I thought, and I still think, that the banks should change their policy, and instruct their managers that in the future they are not to do business of this kind, and try to bring about a discontinuance of the practice within a reasonable time. That, it seems to me, would have this advantage, through the action of the banks, it would ultimately bring about, what I take to be the desire of Parliament and of the committee in this matter, and at the same time have a reasonable regard for existing interests. In other words, we should do the minimum of damage, and at the same time accomplish within a reasonable time what we have in view.

Mr. OLIVER: I would agree with my hon. friend in the desirability of not interfering with vested interests.