a good purpose. But they are liable to do wrong, as other corporations are, and they must submit to the same criticism and to the same control by law as other public utilities. Any man who fears to criticise the banks, just as he would an insurance company, a railway corporation or a loan company, is wanting in moral courage. He should not be intimidated by the criticisms of the press holding him up to contumely and contempt for demanding that these corporations shall serve the public. But the money changers, from the time when they were driven out and scourged with cords at Jerusalem, down to the present, and in every age and every country, appear to think that they own creation, or somehow control it; that they are above criticism, and must be, as they say, left alone and not interfered with. We criticise loan companies and put them under legal restrictions and compel them to be subject to inspection and to make periodical returns under oath. We do the same with regard to railway corporations and with regard to insurance companies and other corporations which serve the public. Why cannot we, with equal propriety, do this with regard to the banks. In my judgment, we ought to. Our banking system is said to be the finest in the world. I frankly confess that my limited examination of it has convinced me that, while it is comparatively good, it is not only not the best but it is very much below the best in the world. Here is a strange commentary on this statement of the perfection of our banking system: In 1880, we had 41 chartered banks in Canada; in the meantime, the country has increased 50 per cent in population; and what increase has there been in our banks ? The number to-day is 36—five less than the number of thirty years ago. What has become of the banks ? Some have failed, some of the smaller ones have been absorbed by the larger. And the result is that these larger banks have been working themselves up to a monopolistic position, so that, to-day, they practically control the smaller banks.

To effect that purpose, a few years ago they formed the Banking Association, that has helped them a great deal. No doubt it was intended for a good purpose, but it has not worked out wholly as it was intended. I say that law tends to make a monopoly of the banking system, and to keep the smaller banks down and absorb them, thereby keeping in the hands of the stronger banks the control of the circulating medium of the country. While the population has increased nearly 50 per cent, the banks have not increased 6 per cent. Twelve of them have failed during the last twenty years, others have had to amalgamate to be kept alive. Although 25 per cent of our banks have failed inside of twenty years, still we say we have the best banking system in the world. In the United States during the same time only 5 per cent of their banks have failed, while 25 per cent of our banks have failed. Does that not suggest that there is something wrong in our banking system as compared with the American banking system ? In my judgment the banking system of Japan is far ahead of ours, and in many respects the banking system of the United States is ahead of ours, though behind it in other respects.

Now, here is a proposal to amend our banking system in some respects. What are banks for ? Banks are public utilities, operated under special charters, which confer upon them certain powers and rights which are denied to all others members of the community, powers and rights out of which they make immense wealth. In consideration of the powers we give them they are supposed to serve the people as public utilities in providing a circulating medium. That is their first duty to the people. We give them power to receive deposits from poor people who are not in a position to invest their money profitably in other channels, and we surround these banks with laws which are to make them a safe depository for the public. Then we give the banks power to loan at a high rate of interest money they have received from the investors at a very low rate of interest. And here I wish to say that the government have joined hands with the banks in making them a financial monopoly to the detriment of the poor people, because the only place where the poor people can invest their money is in the government savings bank. A few years ago, at the instance and upon the pressure of the banks, the rate of interest paid by the government was reduced to three per cent in order to enable the banks to compel the people to invest their money with them at three per cent. Why did the government compel the poor people to lend their money to the banks at three per cent—I say compel them, because these people are not in a position to invest their money with safety anywhere else. On the other hand, the government allow the banks to loan out that same money at a rate of interest, as my hon. friend has said, even as high as 25 per cent in some cases, and there is no law to control them. There are two clauses in the Banking Act under which it is supposed that may be done, and one is entirely misleading. Clause 61 says :

> Banks may stipulate for, take, receive and exact any rate of interest or discount, not exceeding 7 per cent per annum, but no higher rate of interest shall be recoverable by the bank.

Now that would seem to be a law, the vioation of which would imply punishment, but does it ? What does clause 52 say :

> No promissory note, bill of exchange or other security shall be void, usurious or tainted with usury as regards such bank.