

Bank of New Brunswick. The Bank of British North America always has had an independent audit, because, its head office being in England, it has always followed the English practice. I am not going to discuss the banking laws of the United States; but we know that they have controllers and inspections. Inspections will not make men honest. Failures have occurred in the banks of the United States. But inspections would let the people know whether the returns made from month to month by the banks were correct or not, and no such failure as that of the Ontario bank could occur. I would like to ask the Minister of Finance if he was present at a gathering of the Canadian Bankers' Association held shortly after the failure of the Ontario bank, where they were considering the advisability of amendments to the Bank Act; for I find that Mr. Hopkins, in his Canadian Annual Review, says that the hon. Finance Minister was present at that meeting. I have heard that the hon. the Finance Minister (Mr. Fielding) had pretty strong views with regard to some amendments, but the Canadian Bankers' Association views seem to have prevailed upon him. However, he does not state just what was said or done at this meeting of November 8. What is stated is simply this:

The Canadian Bankers' Association met in Toronto, with Mr. E. S. Clouston, president of the Bank of Montreal, in the chair, and about thirty other representatives of banking institutions were present, together with the Hon. W. S. Fielding, Minister of Finance. It is understood that amendments to the Bank Act, in view of that being dealt with, were under consideration.

I do not know whether that is correct or not, but I do know that at that time there was a strong agitation by the leading Liberal organs in this country in favour of some amendments to the Banking Act which would provide for better government inspection.

At six o'clock, House took recess.

#### After Recess.

House resumed at eight o'clock.

Mr. PRINGLE. When the House rose at six o'clock I was dealing with the question of inspection. I do not think I could do better than refer to a statement made by Mr. McLeod, the general manager of the Bank of Nova Scotia, some years ago, in connection with this matter. In the annual report of the Bank of Nova Scotia for 1091, Mr. McLeod advocated government inspection of all chartered banks. His language was as follows:

The oft expressed anticipation of benefit to be derived from supervision by the Canadian Bankers' Association of the circulation of

banks have not been realized. And as they appear impossible of realization, we should again urge on the government the propriety of having this work undertaken by the Finance Department, where it properly belongs. The banking system of Canada is one of the best in the world, and with a few added safeguards such as public inspection and fixed cash reserves, would be ideal.

Now, Sir, that is the language of an experienced banker, a gentleman who is at the head of one of our most successful banks, a bank that has been in existence some 76 years; and in 1901 he states:

We should again urge on the government the propriety of having this work undertaken by the Finance Department, where it properly belongs.

So I say we have the authority of a leading banker that government inspection is practicable, that government inspection is feasible, and in 1901 he urged upon the government of this country the advisability of having that government inspection. He goes on to say in his address at that time:

Some argue that government inspection is impracticable in a bank with numerous branches, but in the United Kingdom where banks have more numerous branches than here, chartered accountants are called in to make an examination and to certify to the correctness of statements. What is practicable there is worth a trial here, and in view of the magnitude of the interests involved, that trial should be made under the supervision of the Finance Department.

Notwithstanding that the bankers of this country say that bank inspection in the United States of America has not been successful, it has been in operation for 43 years, and in that 43 years it is conceded by all that it has done an immense deal of good. It is quite true there have been bank failures in the United States, but it is not true that the proportion of bank failures in the United States has reached anything like the proportion that has been reached in the Dominion of Canada. On that point I might also refer to an article which appeared in the Toronto 'Globe' of November 20, 1906. It is a letter of Mr. McLeod, who again, after the failure of the Ontario bank, cried out for government inspection. The letter is undoubtedly familiar to the members of the government, who of course paid no heed to it, as they paid no heed to the request in 1901. While I do not like to detain the House with long quotations, I think this letter is so important that I will read it:

Toronto 'Globe,' November 20, 1906.

To the editor of the 'Globe':

Call for an independent inspection of banks. Through the press and from the platform the banking system of Canada is lauded as being the best in the world. In many particulars the system is admirable, our elastic