

cies in Chicago and they all have branches in Winnipeg. There are foreign corporations engaged in the grain trade in the West. Let us take the case of a bank having a million of capital and having assest of \$30,000,000 altogether. It would mean, if this amendment is adopted as it stands, that the banks could not make a loan of more than \$100,000 upon grain although it would be perfectly safe for them to make a loan of from \$1,000,000 to \$2,000,000 upon grain, in fact, safer than the making of a loan of \$50,000 to an individual without security upon his general standing in the community as is done every day by banks throughout Canada. It would prevent a bank with a million dollars of capital and \$40,000,000 of assets altogether, while carrying on a call loan business in New York, from making a loan to the strongest firm there. It would prevent them from making a loan to J. P. Morgan and Company, even upon the security of the Canadian Pacific Railway Company stock, or upon the best collateral security in New York, of more than \$100,000.

While I realize the principle that my hon. friend has in view and while I recognize that he is trying to prevent some of the abuses that have happened in connection with Canadian banking, I think that we are prone to overlook the manifold advantages which have been enjoyed by the banks and by the community as a whole from having business carried on in the usual and ordinary manner. Is the reason given a sufficient justification for amending the law in the way proposed? English legislation, I think, knows no restriction. They say there that each case must be dealt with on its merits. It may be unsafe to loan \$50,000 to one individual and by consequence ten such loans to individuals who may fail would involve a loss of several hundred thousand dollars while it might be perfectly safe to loan \$2,000,000 upon wheat or other collateral that would absolutely secure the loan. We are concerned really with the ordinary carrying on of business in the ordinary way as recognized throughout the English speaking world.

I do not intend to make any special plea, but I do not think that the Committee on Banking and Commerce had before it, nor do I think this committee has before it, evidence upon which it can say arbitrarily you must not loan more than ten per cent. Why ten per cent, why not fifteen per cent, or why not five per cent? What I am afraid of in regard to an amendment of this kind is that we have not evidence enough before us to justify us in saying that it is not going to be a harmful amendment. I have the greatest respect for the motive of my hon. friend from North Ontario who, I know, desires only to pre-

vent a recurrence of some of the practices which have occasioned very heavy losses to depositors and others in Canada, but I would submit that until we have before us evidence as to the operations of banks in foreign countries and as to the transactions which they carry on there it would be injurious for us to lay down the hard and fast rule that they must not loan more than a certain percentage to a foreign corporation.

Mr. CARVELL: It is a great pity that my hon. friend the Minister of Finance did not spend ten years of his life in practising law instead of devoting his time to making money. If he had, he would have known that there are always two sides to a case. He would have known that you can get splendid evidence on one side and that you can have an excellent case until the evidence on the other side is produced. Unfortunately, with reference to this particular feature of the banking law, you can only get evidence on one side. We have only been able to get the evidence of the bankers and of course the bankers have given evidence which seems to have satisfied my hon. friend. I am not saying that there is not a great deal of difficulty in getting evidence upon the other side of the case, but we should exercise a little of the common sense which the Almighty has endowed us with and when a man has practised law for ten years, after he sees what the evidence is on one side of the case, he naturally tries to investigate the matter and find out what it is upon the other side and when he does he usually finds that it is not so infallible but that he can pick a hole in it. In this case the minister thoroughly believes that the money must be loaned in New York, where you can keep your assets in a liquid form and at the same time get some interest, or you must keep it in your vaults. The hon. gentleman attempts to justify it by reference to the English practice, but he fails to realize that there is a great difference between banking in Canada and banking in England. In England they have more money than they know what to do with; the idea of the investor in England is to invest his money, usually outside of England, but we in Canada are all the time trying to get funds here. Our Government is not borrowing money from the people in large quantities, and when you ask them to increase the rate of interest in the savings banks they frankly say: if we want ten millions and we raise the rate of interest to four per cent we will get it from the people of Canada, but if we take ten million dollars out of the people of Canada we are reducing the amount of money in the country to that extent; it is better for us to get abroad and borrow