

on his remarks with any sneering intent. I may say that I do not know of any common member of this House, and I can assure the hon. gentleman that, so far from regarding him as a common member, I regard him as a most uncommon member.

Mr. BLAKE. I suppose that, under clause 69, it would be possible for a bank, on the same condition and under the same circumstances under which it may use this interest in real estate to take as an additional security, the security of a timber limit; but I apprehend what the hon. gentleman wants is that the banks should be permitted to lend upon the security of timber limits directly and at once. That would be practically adopting, perhaps in the most objectionable form, the principle of land banks. Our banks are not based on the principle of land banks. That is not the principle of our present banking system. It is not to lend upon real security, or upon future, unrealised values. You do not allow a bank to lend upon the security of the most highly productive fee simple of valuable real estate, producing great rents. You allow it to take a mortgage, under certain circumstances, as additional security for its contract in ordinary business. You may do the same thing in reference to timber limits. If you introduce the principle of lending directly, on the security of a timber limit, why not allow the banks to lend directly on the fee simple of a warehouse, on the real property of any person, and you at once establish the principle of a land bank, contrary to that on which our banking system is based.

Mr. WALDIE. The fact heretofore is that the security was given on the logs, and unless the license to cut timber was clearly transferred with the logs, the property did not go together, and it has been held necessary for the banks to hold the license or the right to cut timber so as to continue their right in the lumber. It has been the common practice of the banks to make advances to manufacturers of lumber, who have purchased the right to cut lumber.

Mr. BLAKE. My hon. friend misunderstood me if he supposes I am objecting to that. I understand it is perfectly legitimate, that a bank which makes an advance to a manufacturer for the purpose of enabling him to cut his timber, should take as an additional security,

even now, the security of real estate. The hon. member for Frontenac however wants something more, but what definitely I do not know; but I assume it is this, that instead of making the transaction a legitimate banking transaction, which is an advance to a person in the course of his business, and on his general credit for the doing of work and upon the prospect of a *bond fide* mercantile operation, you are going to authorise an advance upon the security of his chattel interest, whatever it may be in real estate. That is not the principle of the present Act. The principle of the present Act is that you make it upon the personal security, and, with reference to the mercantile operation, having the right under certain circumstances to take as an additional security, a charge on real estate. But I am bound to say that this Bill seems to contemplate the statutory recognition of that which is new in law, though I fear not in practice, the loaning directly and primarily on chattels, instead of restricting the basis of loans as does the present law. This is a questionable extension.

Mr. KIRKPATRICK. I understand that timber limits require a great deal of capital to work them. The owner generally goes to a bank to obtain that capital, and it is for the security of the bank not only to have the security of the timber cut, but the security of the license.

Mr. BLAKE. So they have. I am told that half the limits in this country are in the hands of the banks.

On section 76,

Mr. BLAKE. Would it not be well to make it a written promise?

Mr. BLAKE. It rather strikes me as if the man would be liable, if he did not deliver possession to the bank of the goods, no matter for what reason they were not delivered. Suppose, for instance, they were burned up.

Mr. HALL. The non. delivery must be wilful.

Mr. BLAKE. The Act says "if he does not deliver to the bank possession thereof;" the word "wilful" does not appear.