

involved in bankruptcy, and a great commercial stringency took place in the United States about the year 1837. If anybody cared to refer to it, and if he would refer to a speech made in 1837 in Niblo's Garden, New York, by Daniel Webster, and to the speeches and arguments in Congress about that time over the Sub-treasury Bill and the financial conduct of General Jackson, he would find a complete refutation of the theory advanced by the hon. member for Stormont, and of the history which he gave of money matters in the United States. I have not time at present to give those extracts, but I remember having read them less than forty years ago. They can doubtless be found in the Library.

My hon. friend from Stormont and my hon. friend from Grey (Mr. Sproule) reiterated the opinion that the big banks, so-called, are in the habit of crowding the small banks and taking advantage of the latter's insufficient funds to minimize their business and restrict them in the freedom to make loans and discounts which they otherwise might have. As my hon. friend from Stormont held up the Bank of Nova Scotia as an exemplar bank on several accounts, I will take the liberty of referring him to the fact that no bank in the Dominion of Canada has pursued that course with more tenacity than the Bank of Nova Scotia. The Bank of Nova Scotia also has removed its headquarters from the city of Halifax to Toronto. As bankers naturally follow the trend of the demand for money, and where most interest is obtainable, the Bank of Nova Scotia pursued the demand for money wherever it could be pursued. They have conveyed sums of money from the east to the west. I believe in the account of their assets it will be found that they have advanced as much money to the United States as any other bank in Canada in proportion to its resources. But how did the Bank of Nova Scotia act? When the stringency came on the manager of the bank took great credit to himself for having increased his assets. What does that mean? He has increased his specie, he had diminished his discounts, he had called in some of his loans. Now was that a course of conduct that was commendable? Another bank has been attacked in rather strong terms by my hon. friend, I did not hear that it had pursued the same course. I heard on the contrary that it was rather generous in its discount, I heard that it stood by the commercial men, and had not drawn in its money, nor crippled any of the enterprises in which it was engaged. I may say that the conduct of some of the banks with which I am more familiar was the exact opposite of the conduct of the Bank of Nova Scotia. When that stringency came on, the directors made a resolve that they would take the public into their confidence, they restricted no man who could offer

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proper security, they stood behind their customers in all their legitimate wants, they charged to old customers no more than six per cent, and to new customers who had been thrown out of the Bank of Commerce and by the Bank of Nova Scotia and other model banks, they charged no more than seven per cent as a maximum. So far as the general argument goes, there is not time on the present occasion, neither do I think, without a prolonged debate could we enter into the minute details of the principles of banking as exemplified by the various institutions which have been paraded and have been denounced. It would require more time than is allowed in this debate to decide on various abstruse principles to debate them, and the course of the government with regard to banks.

As the hon. member for Stormont has suggested some notable improvements in the system of banking and in the Bank Act, let us run over those suggestions in detail and see how they would work. In the first place, the Bank of Nova Scotia has been highly commended, first on the declaration by the manager that he would approve of government inspection, and secondly on the fact that he had imported into the good old realm of Nova Scotia two Scotch experts to examine the assets and business of the Bank of Nova Scotia, and he prided himself expressly upon the fact that these gentlemen had come from Edinburgh. Well, now, there have been Scotch bankers before. There was Mr. Paterson who started the Bank of England; and there was John Law, who embarked in financial undertakings in France, a most eminent Scotch financier, I think. If inspectors of banks are required, there are just as goods accountants in Canada as can be found in Scotland from the Solway Firth to John O'Groat's house. But how would this work? I pity the bank that cannot trust its own officials. I say that if there is a bank who suggests that there should be some other species of inspection than by the appointed and paid inspector of the bank, look out for the manager of that bank. The inspector is paid specially for that purpose, he goes to the branches of the bank, he investigates the details of each one, he goes into their notes, he counts the money in every branch, he inquires into the character of those to whom money is loaned, and he makes a report of that, or ought to do so. He brings it to the bank, he reads that seriatim, confides all the necessary information to the directors, if they perform their duty.

If that is done there is no character of inspection that can take its place in any well managed institution. A man is set apart for that purpose. It is his object and duty to spy upon the officials of the bank and if there is any irregularity on the part of any one he goes to the fountain head and reports it to the president and directors. Then