

The Gazette

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MONTREAL, TUESDAY, APRIL 1.

THE HOME BANK DEPOSITORS.

The House of Commons in adopting on Thursday last the motion of Mr. Cahill, M.P., has come perilously near committing itself to reimbursement out of the public treasury of the losses of depositors in the Home Bank. That motion instructed the Committee on Banking and Commerce to consider the provisions of the Bank Act, in the light of the revelations of the four or five inquisitions into the management of the defunct institution, "with a view to recommending such amendments to the Act as will better protect the interests of depositors generally and will prevent similar occurrences in the future; and also to consider the report of the Royal Commission in its bearing on these matters, and with respect to the possibility of saving the Home Bank depositors from loss." This motion, although proposed by a private member, was accepted, supported and made its own by the government, which thereby assumed full responsibility for the reference, including the implied engagement to reimburse the depositors. Now, strategy and tactics constitute much of the armor of political parties; they are weapons kept bright by constant use; and rarely has their use been brought into freer play than in the matter of the Home Bank. There are 60,000 depositors representing possibly two or three times as many voters clamoring to be reimbursed, and three political parties manoeuvring to get these votes at a cost of not less than \$11,000,000 by ways that will not offend the 2,000,000 voters out of whose pockets the money has to be taken. For what, in the name of common sense, have the various inquisitions to do with the recouping of depositors' losses? All the material facts are already known. The preliminary work of the curator, Mr. Clarkson, has disclosed the nature and extent of the losses. There was mismanagement, a defective audit, concealment of the true condition of the bank, and the depositors do not care a brass farthing for anything in the connection except to get their money back. The courts—not a Royal Commission nor the House of Commons—are to decide the degree of negligence and malfeasance on the part of the directors and officials of the bank, while the curator is to wind up its affairs. A dozen Royal Commissions can add not a single bit of information of the remotest value to the findings of these agencies in respect of the mismanagement of the bank.

The whole case as presented by Premier King simmers down to this point: was the action taken by Sir Thomas White while Minister of Finance upon representations made to him of the unsatisfactory condition of the Home Bank in the public interest, and does it impose upon the Government the obligation of now reimbursing the depositors? The petition

of the depositors does not suggest or affirm negligence on the part of Sir Thomas White; on the contrary, it adroitly bases the claim upon the contention that he acted in the public interest. We quote from the document:

"Your petitioners are informed and believe that in the year 1915 and again in 1916 and in 1918 representations were made to the Department of Finance of the Dominion of Canada respecting the condition of the Home Bank of Canada and revealing a state of affairs that would have justified an investigation by the Department of Finance under the powers conferred upon the Minister of Finance under Section 56a of the Bank Act, whereby he was authorized to examine and enquire specially into any of the affairs or business of the bank.

"Your petitioners are also aware that at the time such representations and disclosures were made, the country was at war and that the Minister of Finance, having regard to the public interest, was unwilling to precipitate a bank failure or crisis, or in any way disturb the financial condition of the country, and that for such reason and on other good and sufficient public grounds, may not have deemed it advisable to exercise the power above referred to.

"Your petitioners submit that the reasons an audit was not made of the said bank, in accordance with the powers vested in the Minister of Finance, were reasons of a public and national character, and intended for the benefit of the public at large, and that therefore the loss to the present depositors occasioned by the bank being permitted to continue to do business should be borne by the public at large and not by the present depositors."

This petition was incorporated in an order-in-Council appointing a Royal Commissioner to inquire into and report upon its allegations and we are bound to say that if enquiry is necessary into facts already in possession of the Government the Premier gave a plausible reason for proceeding by way of a Commission rather than a Parliamentary Committee, when he said:—

"If in any way the Government were to attempt to pass judgment on any of its predecessors in office who were of a different political party, it would be said that our reason for doing it was because we saw in it a political advantage. We do not think it wise or right or proper to put those who are our political opponents in judgment before a Parliamentary Committee." In this connection, complaint was made of the limitation of the enquiry to the years 1915, 1916 and 1918, when Sir Thomas

White was Finance Minister, as giving partisan color to the whole affair, but whatever force there may have been in this view has been destroyed by the promise of the Premier that the Commission shall enquire into what took place "before the bank was instituted, when the bank was instituted, and after it was instituted."

If the depositors of the Home Bank are to be indemnified, what about the depositors of other banks that have failed in Canada? Most assuredly if these unfortunate people are to have their distress relieved because a Minister of Finance did not institute an inspection and close up the concern eight years before its collapse, then must depositors in the Farmers Bank, who have not been paid a single sixpence, be also recouped because of negligence on the part of the then Finance Minister. Not much in the way of new light need be expected to be thrown on the affairs of the Home Bank by the Royal Commissioner who is shortly to begin his enquiry. When his report is made the responsibility will still rest upon the Government and Parliament of determining whether the depositors are to be reimbursed. It is a very great responsibility, since the manner in which it is discharged touches nearly the banking system. Unless, indeed, the war is to be charged with a failure five years after the armistice.

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