

Last year the Bank of Montreal took over the old established Bank of British North America. As long ago as 1912 that matter was brought to my attention by the directors of the Bank of British North America. The shareholders of that bank were English shareholders; the directors desired to amalgamate with the Bank of Montreal. At that time it did not appear to me to be opportune that the amalgamation should take place. After the war broke out and financial conditions were rather radically changed in Great Britain, the request was again made that we should permit the absorption of the Bank of British

4 p.m. North America by the Bank of Montreal. Having regard to the fact that the shareholders were English shareholders, that the board of directors were in London, that there was a practically unanimous opinion over there in favour of the amalgamation, that the Bank of Montreal was a very powerful financial institution, that it was clear that no detriment—indeed, that only advantage—would result to the public from the carrying out of the proposed change, the Government, after giving the matter full consideration, had no difficulty in reaching the conclusion that consent should not be withheld.

Similarly, the Northern Crown Bank, a Winnipeg bank, was taken over by the Royal Bank. I know that that strengthened the financial situation. The Northern Crown Bank was a good little bank, reasonably strong financially; but it had not the facilities for expansion, and its absorption by the Royal Bank was a good thing for the shareholders of the Northern Crown Bank and of the Royal Bank and for the public generally. I have heard no complaint that the clients of the Northern Crown Bank are not as well served by the Royal Bank as they were by the Northern Crown Bank.

I have spoken about the recent amalgamation of the Bank of Ottawa with the Bank of Nova Scotia. I submit again that what was done was clearly in the public interest. The Government would have been shirking its duty if it had refused its assent to that amalgamation, because in the judgment of the minister and of the Government it was a proper case for such action.

For the information of the House I may say that although the statute imposes upon the minister the duty of consenting or refusing consent to amalgamation, I always bring the matter before Council in order that it may have full consideration, because I realize that there is a good deal of public interest in these matters.

[Sir Thomas White.]

I chance to have in my pocket a little memorandum which I made the other day after reading an article in the *Monetary Times* regarding the tendency to bank amalgamations in Great Britain. A number of amalgamations of banks of the first magnitude have taken place in England within the last couple of years and the same objection was publicly voiced there as has been voiced in this country. The matter was carefully considered there by a committee. My recollection is that the committee found that there was absolutely no danger of what is called a money trust, because it is the object of these banks not to hold their money, but to lend it out; in other words, to extend their business. Only by lending money to the public can these banks make money. An amalgamated bank does not gather up all its resources and hold them unproductive; its object is to get them out, to get them earning. It is on the difference between what they pay for their money and what they receive from their discount business that they make the profits which go to their shareholders after the expenses of their business are paid.

The committee further recommended precisely the safeguard that we have in this country, namely, that there should be assent on the part of the Treasury. If any hon. gentleman is interested in seeing how far the principle has been carried in Great Britain he will be surprised to observe the enormous aggregations of capital that have been produced by the amalgamation of the largest British companies. Amalgamation, instead of being looked upon as a disadvantage, is regarded there as a national advantage, almost as a national necessity in providing for the expansion of export trade.

In this memorandum which I made from the article in question I read that there have been 300 amalgamations of British banks, more than half of them within the last fifty years. Since 1891 the number of British private banks in Great Britain has fallen from 38 to 7 and of joint stock banks from 104 to 34, so that the business of Great Britain, including the financing of her export trade, is carried on by some thirty or forty banks. The figures are very illuminating. When we find a tendency—more than a tendency, an evolution—like that, we may make up our minds that very cogent economic reasons lead to the amalgamation of these banks and the aggregation of those large masses of capital; that it is not a question of individual directors amalgamating banks for the purpose of creating a so-called money trust, but a natural process