

News from Ottawa

A STEEL "STEAL"

The West Indies Agreement—Government Inspection of Banks
(By The Guide Special Correspondent)

Ottawa, Jan. 24.—What with the consideration of the new Bank Act, the West Indies trade agreement, and other topics of more or less general interest, this has been a fairly eventful week at the capital. No effort was made by the Government until to-day to resume the debate on the naval resolutions, and, as a consequence, very little has been heard on the matter. The members of the Opposition are curiously silent and the impression generally conveyed is that word has been passed to them to keep mum on the subject, and that the tip came from no less a person than Sir Wilfrid Laurier, who, no doubt, fully realizes that the longer consideration of the measure is delayed the better will be the chance to successfully block it should he definitely decide to adopt this course. One prominent member of the party in discussing the present ominously quiet situation the other day in all probability described it correctly when he said: "We're putting on our war paint, but saying nothing about it." Whether the war paint will remain on is a matter which will not likely be settled until the government makes a more determined effort to press the resolution, and, perhaps not until the second reading stage of the bill is reached.

\$294,000 For Steel Men

Early in the week Sir Wilfrid Laurier elicited some information from Hon. J. D. Reid, minister of customs, which should prove to be a bad black eye for the big steel interests who are demanding a renewal of the bounties or increased protection. The minister admitted that towards the end of the year duty to the extent of \$294,000 had been remitted on 75,000 gross tons of steel rails admitted into Canada at Fort William for Canadian railways. The rails were imported by the Algoma Steel company to fill orders and the duty remitted was fifty per cent. of the whole. Mr. Reid said that fifty thousand tons of these rails were used by the Grand Trunk Pacific and twenty-five thousand tons by the C.P.R. in order to complete certain lines of railway in the west before the crop commenced to move. Before remitting the duty, he said, the department had been satisfied that the Canadian rail producing companies were not able to produce the rails, or any part of them. He did not give details of the information on which his action was based to the House. This will come later, however, as Sir Wilfrid Laurier has moved for all the facts in regard to the remission with the idea of discussing the matter in the House. It will be noted that the steel company and not the railways benefited by the reduction of the duty as, so far as the records show, the rails were imported to fill contracts previously made with the railways at a fixed price.

English Critics Snubbed

The second reading of Hon. Geo. E. Foster's bill to ratify the trade agreement with the West Indies was marked by a number of interesting developments. A. K. Maclean, junior member for Halifax, made a vigorous attack on English Unionists for interfering in Canadian affairs and practically charging that Canadians who voted for reciprocity are disloyal; Dr. Michael Clark made a slashing speech in which he contrasted the small benefits to be gained by this and other proposed arrangements as compared with what has been lost by the defeat of the reciprocity pact; and Mr. Foster admitted, as the result of a continuous fire of cross questions, that it is not the present intention of the government to make any change in the British preference.

The manner in which Mr. Maclean cut loose on our over-seas critics astonished the House, as the disposition of Canadian Parliamentarians has been to ignore these attacks. He said that Mr. Foster's assertion that had reciprocity not been defeated there would have been no West Indian agreement was unworthy of the minister. The inference

was that the dissolution of the Empire and the extinction of Canada would follow. "We have been treated," said Mr. Maclean, "during the past year, or last few months, to many inane, puerile remarks from travelling Unionists who have come to this country to tell us that the Conservative party of Canada saved the Empire in 1911, by reason of the defeat of the reciprocity agreement, and such remarks seem to be readily accepted by many. We have had the meddling and vacuous views from visiting Unionists such as Mr. Walter Long, as to the effect of trade with the United States upon our Imperial relations, and which were usually offensive to the people of this country. I protest against these observations by representatives of the British Unionist party. It is very difficult for a large section of the Canadian people to endure the contented ignorance of English opinion respecting some Canadian affairs and it is only proper and natural that on this side of the water it at times should be resented."

Foster's Reciprocity Bill

Dr. Clark's pro-reciprocity speech was even a bit more vigorous than is customary with him although along the usual lines. He welcomed the agreement because it would tend to widen trade, but thought it was a very small mouse for a very big mountain to bring forth. The proposed agreements with Australia would be comparatively insignificant as compared with reciprocal trade with the United States and Mr. Foster's visit to Australia was "a frivolous bit of statesmanship." He made his best point in commenting on the fact that as a result of the agreement a duty is to be imposed on cocoa imported from foreign countries. This would not tend to reduce the cost of living. "One thing is made clear," observed the doctor, "that under this agreement the horses of the West Indies will get their hay from Canada cheaper, but the human beings of Canada will pay more for their cocoa." In this connection it might be as well to state that our annual importations of cocoa, duty free, at the present time exceeds three million pounds, of which the West Indies sends some 700,000 pounds. The effect of the agreement will no doubt be to increase free importations from the West Indies, but on the article imported from other countries a duty of seventy-five cents per hundred pounds will be paid.

Hon. W. T. White, who had not intended to speak, broke into the debate in order to tell Dr. Clark that he is a protectionist because he favors a Canadian navy. The minister rather patronizingly informed the Opposition that reciprocity is dead and buried forever and that the country might as well forget about it. Mr. White is so cocksure about this that he is going to be dreadfully disappointed if the country ever decides that he is wrong about it.

Wheels Within Wheels

There have been interesting and unexpected developments this week in connection with the discussion of the Bank Act on the motion for the second reading. It appears that some dozen or so Conservative members representing Western Ontario constituencies, many of whose constituents were badly stung by the failure of the Farmers' Bank, have practically given a pledge that the government would reimburse them for losses sustained. The government has not been able to see its way clear to take this action, being influenced no doubt by the well grounded fear that if those who lost money through the failure of the Farmers' Bank were reimbursed it would constitute a precedent which it would be impossible to get away from in the future. Moreover, those who have suffered by other bank failures would have a legitimate claim for similar treatment.

The Western Ontario members, it is understood, in order to force the hands of the minister, have decided to put up

a strong fight against the Bank Act as submitted to the House by Mr. White. They have made a demand for a provision establishing government inspection of banks. The spokesman of the dissatisfied group up to the present time has been Major Sam Sharpe, member for North Ontario, and a brother of the member for Lisgar, Manitoba. In a speech delivered on Tuesday evening he criticized the bill more severely than any of the Opposition members who had preceded him and was roundly applauded by his confreres from Western Ontario.

The action of Major Sharpe was all the more striking because in his speech on the second reading Hon. W. T. White, Minister of Finance, took special pains to impress upon the House his belief that with the branch system of banking such as exists in Canada government inspection would not do. He pointed out that in order to pronounce upon the character of loans made all over a country such as Canada the knowledge would be requisite of local conditions, of industries, of companies, of men and of the entire mercantile conditions of Canada. That work, he said, is carried on today by the bank's staff and the only man thoroughly acquainted with conditions in any particular community is the local manager.

"I submit," said Mr. White, "that government inspection, for the reasons which I have given, would be entirely ineffectual and illusory. It would only have the effect of creating a false sense of security upon the part of the public. I desire to say here—I may have occasion to say it again—that the best security of the public must always be the integrity and ability of the officers and directors of the chartered banks. "Notwithstanding certain failures that have occurred, I personally hold the view that the officers and directors of the chartered banks are men of a high order of ability and integrity."

For Government Inspection

But here is what Major Sharpe had to say on the same subject: "Representing a rural constituency, I have conferred with a good many people in the rural districts, and, in offering my suggestion, I say that the Finance Minister, in not making provision for a system of government inspection, has not caught the spirit of the people. To use a colloquial expression, he has not had his ear to the ground, or, if he has, it has been the wrong one, because I believe, in view of the disastrous failures which have occurred during the past few years in connection with our banks and the serious losses suffered by the people of this country—admittedly through defects in the Bank Act which required drastic treatment—that the overwhelming sentiment of this country is in favor of some system of government inspection in connection with these institutions. I think the Minister instead of diagnosing the case as one requiring a surgical operation, prefers the milder treatment of administering homeopathic doses to the patient. The provisions for inspection are entirely absent, and there is merely a provision for a shareholders' audit, which is entirely inadequate to meet the public demands. The only redeeming feature I can see—if there is a redeeming feature, and I doubt it—in connection with the failure of the Farmers' Bank, is the fact that it has been the means of concentrating the attention of the House upon the defects of the act. I have suspicions that the ex-finance minister did not go on with his revision at the time when the failure occurred because that was the crux of public indignation, and public opinion would have forced this House to have made some changes more radical than have been made in the bill proposed to the House by the ex-minister of finance. Now that the tide has ebbed somewhat, and public feeling has subsided, we are going to allow the bill to go through with very slight changes, with the result that the same old conditions will exist; we will have a few more failures and will be lamenting the fact that we never had government inspection."

Wants Grain Growers' Advice

Major Sharpe advised the minister to have a representative of the Western Grain Growers give evidence before the



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Banking and Commerce committee when the bill is considered in detail.

An instructive and decidedly radical speech was made by Mr. W. F. Maclean, who accused the minister of finance and Mr. A. K. Maclean, the leading Opposition critic, with being too conservative. Mr. Maclean came out flatfooted for government inspection. He advocated an inquiry into the banks by a monetary commission before every revision of the act. He also advocated the establishment of a national bank for Canada, to be known as the Bank of Canada, which would have control of all the Dominion note issue and be the official bank of the Dominion and Provincial governments.

Mr. Duncan Ross, in a thoughtful speech, criticized the bill. He made an interesting statement that, in addition to the dividends paid on stock the Canadian banks have made by way of profit the entire one hundred and six millions which constitutes the total reserve of the banks.

A FOREIGNER

Mr. Bryce, the British Ambassador, tells this story to illustrate the exalted opinion that he thinks Americans generally have of their nationality.

It was in a schoolroom, and during a review of history since the creation.

"Who was the first man?" the examining teacher asked.

"Washington," hastily replied a bright boy, quoting a familiar slogan, "first in war, first in peace, first—"

"Wrong. Adam was the first man."

Oh," the pupil sniffed disgustedly, "if you are talking about foreigners—"

HE GOT ORDERS

Blink (the wholesaler)—"Well, how many orders did you get yesterday?"

Gink (the salesman)—"I got two orders in one shop."

Blink—"What were they?"

Gink—"One was to get out and the other was to stay out."

Pleasure appeals to the senses alone; but happiness appeals to the spirit, and it is created by love and goodwill.—Lilian Whiting.