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THE HOME BANK CASE.

The Banking and Commerce Committee of the Commons has found that the depositors in the Home Bank have no legal claim on the Government for reimbursement of their losses, an inevitable conclusion from the absence of responsibility under the Bank Act. The Committee. however, considers that the depositors have a moral claim in equity for compensation by the country on account of any loss they may suffer from the failure of the institution. Depositors' claims approximate the large amount of $10,000,000, so that if effect is given the report of the Committee the people of Canada at large will be saddled with this sum, not because it is a debt lawfully due, but because the unfortunate depositors are numerous enough and sufficiently scattered over the constituencies to become an important factor politically.

The Banking and Commerce Committee rests its recommendation upon two grounds: the report of Chief Justice McKeown, and the testimony of Sir Thomas White. Quoting from the report of Judge McKeown, who enquired into the affairs of the bank, it is affirmed that an effective audit of the bank in 1916 or 1918 would have resulted either in immediate liquidation or its amalgamation with another bank, in either of which contingencies Judge McKeown declared there would have been no loss to the depositors; and as an effective audit was not made in the years named the conclusion is drawn that the depositors' loss proceeds entirely from this neglect. How Judge McKeown arrived at the opinion that the liquidation of the Home Bank in 1918 would have involved no loss to the depositors, he alone knows; but this much is clear, that his statement is mere presumption, founded upon inference and not upon knowledge, since it is beyond the wit of man to ascertain the consequence of a contingency which never occurred. The accounts primarily responsible for the wreck of the bank were on its books in 1918, and not particularly more collectable then than when the institution closed its doors. As for the alternative course of amalgamation with a strong bank, it hardly required a Royal Commission to learn that if a solvent concern had assumed the liabilities of the Home Bank its depositors would have lost nothing.

The entire case of the depositors, according to their own contention and upon the finding of Judge McKeown, resolves itself into the measure of responsibility of Sir Thomas White, Finance Minister in 1916 and 1918. That Sir Thomas White was deceived by persons in high places in the Home Bank, that promises made him to set in order the affairs of the concern were unfulfilled, has been proved by correspondence published and by evidence given the Banking and Commerce Committee. But for the falsehood, deception and neglect practised some, at least, of the losses would have been avoided. Sir Thomas White, however, has not thought proper to place responsibility where it really belongs, upon the administration of the bank. On the contrary, he has frankly stated that as a matter of public policy he would not have permitted the Home Bank to close its doors during the period of the war, holding the view that public credit and public confidence in the banks required to be maintained at any cost. Sir Thomas White's view may be commendable or otherwise, but it has nothing to do with the case, because the Home Bank did not fail until nearly five years after the conclusion of the war.

Should a Government audit of the bank have been made at any period? The Finance Minister possessed discretionary power under Section 56a of the Bank Act to appoint an auditor to examine and inquire specially into any of the affairs or business of the bank. Does omission to exercise this power make the people of Canada liable for the losses of depositors in the Home Bank? That, it seems to us, is the crux of the whole case. Sir Thomas White, when representations were made to him that the affairs of the institution were in an unsatisfactory condition, took steps to have them put in order, and was informed that this was being done. Whether his action sufficed, whether subsequent omission to appoint a Government auditor is condemnable, are matters for which the Minister is accountable to Parliament and to his constituents, but we should be surprised to learn that mistakes of a Minister, whether of omission or commission, require restitution by the taxpayers in general for any loss that may have ensued. The doctrine of parliamentary responsibility for the errors of individual Ministers, or even of Ministers collectively, is novel and far-reaching. As yet the constitutional principle has been that the Cabinet is responsible to Parliament, not Parliament to the Cabinet. The bill providing for an Inspector-General of banks, upon whom mandatory powers are imposed, expressly relieves the Government and the taxpayers at large from any bank losses despite Government inspection, yet it is now proposed to recoup the depositors in the Home Bank for losses sustained under a law which enjoined no such inspection.

We are aware that the collapse of the Home Bank has stripped of their savings many persons in humble circumstances, has caused privation, and excites wide sympathy with the sufferers, but we are also aware that the public in general merit consideration. Legally, the unfortunate depositors have no case and, if the moral side is to prevail, it is impossible to know at what point the line of equity will hereafter be drawn. Perhaps, however, that will be decided by the number of votes concerned.

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