not be permitted to borrow money from their banks if they see fit? Even to-day the directors of the banks of Canada have over one-fifth of the total paid up capital of the banks borrowed from the banks. In the old days of Upper and Lower Canada, when there was a difficulty in regard to the chartering of banks in this country and when Downing street had something to say in regard to these charters, what occurred? We had been giving charters by which the banks could loan any sum they saw fit to their directors. In 1830, attention was called to the fact that the Bank of Montreal reported direct loans and discounts to directors of £120,173 and indirect loans, for which directors were liable, of £65,570, making a total liability by the directors to their banks of £161,042.

On February 5, 1831, the Quebec Bank returned discounts to directors of £23,002, and the directors were also liable for £45,713 as endorsers, making a total of £68,715. The directors were liable, either directly or indirectly, for advances of nearly the entire paid up capital and nearly one-half the total amount of debt due to the bank.

As we know, the banks incorporated in Upper Canada were incorporated under charters differing in some details from those of Lower Canada, but as far as concerned the limiting of loans and discounts to directors, their charters were alike, no restrictions being imposed.

The first check given to this questionable privilege enjoyed by the directors of banks in Canada came from the British Colonial Office in Downing street. So prejudicial to the interests of the public had this practice grown and so repugnant had it become to the British authorities that in 1833 they threatened to advise the exercise of the Royal prerogative and disallow several Bills for colonial bank charters unless regulations were inserted to correct this and other abuses. Among the regulations they insisted upon being added to the respective charters we find this one:

> The directors as drawers, acceptors or endorsers not to have more than one-third of the total discounts of the bank.

Thereafter this provision was inserted in the charters.

Further pressure being brought from the same source, the legislature of the province of Canada, in 1855, amended bank charters so that discounts bearing the names of directors were limited to one-tenth of the total discounts. At this time the legislature appears to have been forcibly struck with the propriety of still further curtailing the privileges of the directors. In Acts to amend the charters of the Bank of Montreal, Bank of Upper Canada, Commercial Bank, Quebec Bank and City Bank passed in 1856 the directors were in each case limited to one-twentieth of the total discounts.

We know that men like Lord Sydenham, Lord John Russell and Mr. W. E. Gladstone felt strongly on this point and limited the directors to one-twentieth of the discounts, as I have said. What occurred? That arrangement stood until the amendments to the Bank Act commenced to be made, after confederation. After confederation the bankers controlled the Bank Act and have done so up to the present time. They said to the legislators of this country: We do not like to be hampered and restricted, we do not like to be tied down to one-twentieth of the discounts of our banks. Just put a clause in there by which the shareholders can pass a by-law regulating the amount that can be loaned to the directors and the government of the day, as governments have done ever since, took the suggestions of the bankers and they eliminated those very wise clauses which were insisted upon in the days when Downing street had something to say in regard to our banks.

What is the position to-day? I venture to say that not a by-law has been passed by the shareholders of any bank in this country limiting the amount that can be loaned to directors. It is the law true enough, but we know that in 99 cases out of 100 the directors hold the proxies for the shareholders of their different institutions and the directors have never seen fit to pass by-laws by which the amount of loans to directors is regulated. It is true that after confederation the nervy grasp of Downing street relaxed and the banking institutions were soon able to dictate to parliament and to efface the distasteful limitations imposed on their loose banking methods by watchful Downing street. The lapse of thirteen years sufficed to mellow if not to erase the memories of the many castigations and fierce denunciations administered from the Colonial office. The scathing criticism of Canadian banking methods transmitted by such able statesmen as Lord John Russell, Lord Sydenham and Mr. W. E. Gladstone were quickly enough being forgotten.

Then, following down the intervening years, the Bank Act revision of 1890 left this matter where it was placed ten years before and so on down to the present time until there is no clause in our Banking Act regulating and limiting the amount of money that can be loaned to the directors of our banks.

I have particularly directed attention in my resolution to five amendments which I think are necessary and advisable in the interests of the public of this country. I am not speaking to-day in the interest of the banker, I am speaking in the interest of the public. I recognize that the banking institutions of this country are the strongest institutions we have in Canada. I recognize that to-day the press—and I do not blame