

That is an absolute fact. I have a friend who for years banked with the Halifax Banking Company. His credit was absolutely sound, but in the month of November, when he went to ask for a small loan—a request that would never have been criticised a moment had the old company been doing business at Halifax—the new manager said: Well, I cannot give you this money right now. My friend asked why. Because, said the local manager, I have to telegraph to Toronto and ask the directors there whether I shall advance the money to you or not. That same thing is occurring in these other places I have mentioned. That is where the government should step in and see that this amalgamating process is not carried too far. I have no desire to lessen the stability of our system. Have our banking system as stable as possible, but on the other hand do not let it get into the hands of a few great corporations.

I have just glanced over the monthly bank statement published by the government and have totalled up the banks doing business in Canada, which have a paid-up capital of over \$3,000,000 each. There are thirty-four banks in Canada altogether. These banks have paid-up capital of \$92,995,482 and a rest account of \$70,991,232, making a total of paid-up capital and rest of \$163,796,714. Of these there are fourteen banks that control \$130,000,000. Fourteen out of the thirty-five control \$130,000,000 out of the \$163,000,000. Of these fourteen banks the capital is \$71,754,347 and the rest \$58,310,866, or a total of \$130,070,213. And these are the banks which to-day compose the Bankers' Association of Canada—that powerful corporation which my hon. friend mentioned a few moments ago.

My hon. friend referred to the rate of interest and incidentally mentioned the rate in the Yukon. Money is of course dear in all new countries. It is necessary, because of the kind of securities offered in these new countries, that the people there shall pay a large rate of interest, and usually they are willing to do that because of the value of money. But I have yet to know of any country or any section of this country except the Yukon where money costs 2 per cent per month or 24 per cent per annum on absolutely gilt-edged security. That for years was the rate in the banks of the Yukon, notably the Canadian Bank of Commerce. To-day, ten or twelve years after that bank was established there, the rate is 18 per cent on ordinary security and 12 per cent on gilt-edged security. Of course it was impossible for the country to progress under the exorbitant rate of 24 per cent, and the lawsuit to which my hon. friend referred was the outcome of that rate.

My hon. friend referred to the circulation of the banks. The total circulation of the banks of Canada at the end of September—that is their notes in circulation—was \$77,504,398. On this amount the banks pay ab-

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solutely not one cent for the privilege of stamping the paper and making it money, as my hon. friend from East Grey (Mr. Sproule) has said. I do not think it would be well to restrict this, but I do think that the state should receive from the very valuable privilege they give these banks some return.

In looking up the matter, I found a law-book in the library, the statutes of Canada, 31 Vict., chapter 11. I find that, in 1867, we taxed the circulation of the banks. The law says with relation to these banks that they shall—

—pay to the Receiver General a duty at the rate of one per centum per annum, on the average amount by which the bank notes therein mentioned as in circulation during the period for which statement is made have exceeded the average amount of the gold and silver coin or bullion which such bank has had on hand during the same period.

So you see taxation of circulation is not a new doctrine. If we were to do what we did in 1867, what amount should this taxation be levied on? The circulation of our banks is \$77,504,398. They have deposited with the government against that circulation, as an insurance fund, \$4,255,670, leaving \$73,248,728. Take off the coin and specie which the bank allows, \$25,119,474, and we have left as what might be considered as a legitimate source of revenue, \$48,139,254. I do not think it would be wise to tax all that, but I do believe it would be a sound and legitimate proposition that these larger banks, whose circulation reaches into the millions—the Bank of Montreal, for instance, has in circulation \$11,961,000, a colossal amount; the Canadian Bank of Commerce, \$8,777,000; the Merchants' Bank of Canada, nearly \$5,000,000—I say that these larger banks, which the state has fostered, which have prospered because of the banking laws we have passed for them, now that they have reached maturity and are piling up surplus, capital and rest, might reasonably be asked to contribute a share of those profits in the way of taxation on circulation, which is a valuable privilege which the government gives. I would oppose the idea that the circulation of young banks be taxed; for I think that banking is like most other lines of business, and the more competition you have the better, so long as it on a sound business basis. Why should not we interfere with the Bankers' Association? I do not see why we should regard it as a bogey. It is an association of men who are custodians and trustees of this great system of finance. We are having insurance companies before the Banking and Commerce Committee to give an account of their stewardship, and we are going to enact certain laws for the control of that business; we are going to say just when they shall be inspected and by whom. Why should not we do that with the banks,