

The Chartered Banks.

The first corporation upon which the bill proposed to rest a burden was the chartered banks. The Government recognized what a great work the chartered banks had performed in the development of Ontario, and wished them all prosperity. The taxation imposed on these institutions would be one-tenth of one per cent. on the paid-up capital stock of the bank up to \$2,000,000. A chartered bank with a capital of \$2,000,000 and no more would, therefore, under the provisions of the bill, pay \$2,000. There was, however, one bank in the Province with a paid-up capital of \$6,000,000, and another with a paid-up capital of \$12,000,000. In view of this very large capital a graduated tax was preferable, and the bill provided that an additional tax of \$25 should be levied upon every \$100,000 in excess of \$2,000,000 and not exceeding \$6,000,000, and \$15 for every \$100,000, or fraction thereof, of unpaid stock over \$6,000,000. In addition the banks would be required to pay \$100 for every head office and \$25 for each additional branch office transacting business in the Province.

The Banks Satisfied.

"I am glad to be able to say," here observed Mr. Harcourt, "coming back to the basis of taxation, that the banks approve of this bill, that the parties interested say that it is the better basis, the preferable basis. The banks not only approve of the basis of taxation, but they approve of the whole bill as it concerns them."

Mr. Foy here made an observation which was inaudible to the Government side, and the Provincial Treasurer expressed the desire that his hon. friend would repeat it.

Mr. Foy—I simply made the observation, and I willingly repeat it, that seemingly the banks have been consulted as to this measure before this House was.

Hon. Mr. Harcourt—I am very glad my hon. friend made that observation. It is as far from the truth as pole is from pole.

Mr. Foy—How, then, did they approve of the measure?

Hon. Mr. Harcourt—I will tell my hon. friend in a moment how they approved of it. This Government has consulted no corporation, this Government has no special alliance or affinity with any corporation, but each corporation affected had interviewed the Government and had indicated, without knowing the contents of this bill—(Ministerial hear, hears)—without knowing its provisions, what their views were.

Mr. Wardell—Why did they do that?

Hon. Mr. Harcourt—My hon. friend is not as dull as he would have this House believe. In their conference—if I might use the word—or rather in their interviews with the Government, in making their statements they indicated—and the Attorney-General was very careful that no indication should come from him to them—what they thought would be a reasonable basis, a reasonable measure of taxation. Why would they do that? asks my hon. friend from Wentworth. The reason is so plain that I wonder he asks the question. Leading banks in this city have been paying a tax like that imposed by this bill in a sister Province. More than two banks

in this city have been paying a similar tax in Chicago and New York for years, and therefore in the remarks they addressed to the Government they would make observations concerning the tax they paid elsewhere, and by a very easy process of inference I am glad to be able to say to this House that I know the banks consider this bill, so far as it concerns them, as a moderate and liberal measure, of which they all approve.

Mr. Wardell questioned the Provincial Treasurer as to whether he had understood the latter to say that the banks had approved of the whole bill.

Hon. Mr. Harcourt replied that he was responsible for his own statements, but not for the hon. gentleman's understanding.

Mr. Matheson—With reference to the taxation on banks, does it affect reserves?

Hon. Mr. Harcourt—The question of reserves does not come in. But to continue. My hon. friend from Wentworth will, I know, apart from the little heat he has at present displayed, welcome as a patriotic citizen any measure when he is assured the parties interested themselves approve of it. They approve of it because it is moderate, and because they believe that when additional revenue is required they should gladly and willingly pay their share of that additional revenue.

New York has long taxed banks one-half of 1 per cent. on the capital invested in their business, and other States have also taxed the capital stock. These are not the only States to do so, as a tax on banks is one of the best known taxes in the history of the whole country. Our own banks doing business in New York and Quebec have been paying special taxes—taxes larger than those which this bill imposes. They have not found fault with the Quebec tax. They did not complain of the tax, but simply asked, "Will it be equitable?" Pennsylvania received \$600,000 and Massachusetts \$966,000 from these banks in taxes last year. The foundation principle of the bill is ability to pay, and in support of that argument he quoted from the returns showing the progress of the banks during the past ten years as follows:—Paid-up capital increased from \$60,000,000 to upwards of \$63,000,000; reserve funds, \$19,000,000 to \$28,000,000, an increase of nearly \$1,000,000 a year. The deposits (other than Government deposits) had also increased during the same period by \$125,990,000. But more striking figures could be given of the growth. In 1888 only one bank had a reserve equal to 76 per cent. of its capital; now two banks have a reserve equal to 78 per cent.; only five then had a reserve equal to 50 per cent., and now fifteen have that proportion of reserve to capital. The record of the dividends paid during the period referred to were also quoted as additional proof. The success was attributable largely to the fact that our bank system is one of the best, if not the best, in the world, and the Managers are efficient and able. He anticipated that the bill would yield in the neighborhood of \$40,000 from the banks.