

The American "Large city banks should absorb little country banks."—(Wood, Kansas City.)

Association. From the mass of testimony adduced at the late conference of the American Bankers, regarding the excessive and keen competition in the banking business, the pithy speech of Mr. W. S. Wood, a Missouri banker, attracted attention and aroused comment by reason of the strong recommendation of the branch bank system and the absorption of little country banks by large city institutions. Mr. Wood declared that the West had seen enough of currency issued by local banks. The banking business, he asserted, was highly developed all over the country. In the East large commerce had led to the establishment of banks of large capital, while in the West smaller commerce had been satisfied with smaller banks. In the West banks were too plentiful, competition had been so excessive that the banking business is not profitable and consequently in many cases not safe. He advocated the branch bank system as the remedy for the trouble. Large city banks should absorb little country banks; then a plethora of money could not exist in one locality while an unsatisfied demand existed in another.

Even if such a condition of things does not exist in Canada, where the branch bank system covers the Dominion from the Atlantic to the Pacific, and even extends to the Yukon, the yearly addresses of the few bankers who give their shareholders an opinion upon the condition of things throughout the country always contain references to the evils of excessive competition. The remedy is known, although not easy of application. The amalgamation, or absorption of a dozen of the smaller banks in the Dominion would result in added strength, the reduction of working expenses, increased dividends, the closing of unnecessary branches in towns overburdened with banking facilities, and the virtual control under one directorate of the business now transacted by a dozen Head Offices with all the outlay incidental thereto.

The tendency of the times is towards the formation of big corporations, and no illustration need be given of the benefit to the strength and earning power of a large financial institution by a fair and proper absorption of smaller rivals. "Large city banks should absorb little country banks," says Mr. Wood, of Missouri. When the ever-increasing competition in Canada forces our bankers to admit the wisdom of amalgamation, their customers and shareholders will benefit thereby. Reduced expenses and the minimizing of the risks of loss incidental to close competition for business in Montreal, Toronto, and other cities and banking towns, will enable customers to obtain cheaper money; and the increased volume of business obtained by the surviving banks, and transacted by them at very little more expense than at present, will eventually earn for the shareholders of a few large banks with numerous branches, good and steady dividends.

The American Bankers are reproducing the warn-

ing notes uttered by their British brethren, and we ought to listen thereto and benefit thereby.

A Sudden But made not here his brag,
Demi-Volt. Of "came," and "saw," and "overcame."
—Shakespeare.

In our last issue, we referred to the statement, that Jamaica was preparing a plebiscite to the British parliament, asking permission to endeavour to arrange for annexation to the United States, as "A rum story." We would be still inclined to regard the statement as a queer, odd yarn; but the *New York Commercial Bulletin*, of the 25th ultimo, made the matter the subject of a leading article, filled with strange talk setting forth that there is really a movement afoot in the British West Indies in the direction of demanding protection from German sugar bounties, or liberty to seek admission into the American Union. We will let the paper named tell its own story. Referring to the British West Indies, the *Bulletin* says:—

"Their trade with Great Britain has been almost killed by the strange willingness of Germany to supply England with sugar at less than cost. Without subsidies the British West Indies cannot compete with the subsidized Germans, but the British Government shows little disposition to tax Englishmen for the benefit of the colonies either directly in the form of subsidies, or indirectly in the form of a duty on German bounty-paid sugar. That cheap sugar, like any other cheap raw material, is a great advantage to England is beyond question, and England is a great deal bigger than the West Indies. The British West Indies have been able to export sugar to the United States because we impose a differential duty on bounty-paid sugar, but British planters are now figuring on the free importation of sugar from Porto Rico into the United States, with the probability that Cuban sugar will soon be coming into this country free or on specially low terms. The latter, however, will not come about without much home opposition. The beet sugar interests opposed the annexation of Hawaii, and Louisiana will be equally hostile to favors to Cuban sugar unless offset by a bounty as was done under the McKinley tariff."

In connection with this somewhat singular story, the paper in question adds:—

"Nothing in recent colonial history, however, is quite so startling as the announcement that the British West Indies are to hold a congress next month, to consider their impending doom, with the probability that their demand will take the shape of a proposal that if Great Britain will not protect the islands from German sugar the islands be permitted to seek their own self-preservation in any way they find practicable, including absorption into the United States if this country can be induced to consent."

It is difficult to know at which to be more amused—a "demand" from the British West Indies, or the placid self-flattery contained in the words: "If this country can be induced to consent." But the very next sentence is so delightfully droll as an illustration of the mood and sentiment of our neighbours, that we appreciate the joke and quote in full:—

"Our people are now in an expansive mood, and