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BANK STOCK AND STOCKHOLDERS.

It is not to be wondered at that the position and liabilities of stockholders in banks are occupying a large share of attention in financial circles in Great Britain at present. We find the subject discussed with more or less of intelligence in journals which give especial attention to finance, and communications are being made to them as to the law and practice with regard to share transactions in various countries in Europe. These discussions are well worthy of attention, for there are matters connected with the position, mode of acquiring and disposing, and responsibilities in regard to the holding of shares in our banks that are, we venture to say, not in the position they should be. One of the communications referred to, gives information with regard to the law of transfer of bank shares in Sweden, and it is of so peculiar a nature that we may well refer to it for a moment, by way of contrast with our own system. The charters of the banks there, are, like our own, granted for a period of ten years, and subject to renewal. Each shareholder is considered to be a general partner in the bank whose stock he holds. This partnership the law recognizes as a responsibility not to be lightly undertaken, and not to be for trivial reasons, and without the consent of others, shaken off. Persons can only be received as partners, or dismissed from the partnership, with the consent of the stockholders assembled in annual meeting, except at the termination of the period for which the charter of the bank was given. At that time, persons, without the consent of their partners, can make any change they please. This system, we are told, works remarkably well, and it is at once evident that bank property under such a law as this, will be of a very stable character, and stock held only as a permanent investment by those who take an interest in the institution whose shares they purchase.

Midway between such a system as this and our own, is that of England and Scot-

land, where, although transfers can be made, and stock bought or sold at any time, irrespective of the consent of any person whatever, the liability of a stockholder, who is considered in all respects as a partner, remains intact for a considerable time after he has parted with the stock. There is, besides this, a further and special provision of the law which operates to the entire exclusion of all speculation in shares. This enactment is of recent origin, and took its rise after a period of speculation, such as we unfortunately are constantly subject to in Canada.

At the other end of the scale from the solid, stable, and what might be called slow system prevailing in Sweden, is that with which we are familiar in Canada. Under this system the responsibility of stockholders is limited to double the amount of their stock, a provision which, in the general opinion, while not onerous, and not dangerous, is amply sufficient to secure note holders and depositors. There is in Canada, however, no check of any description upon speculative operations, the consequence being, that speculation in bank stocks is more prevalent here than it is in any country on the face of the earth. We speak soberly and advisedly in saying that the manner in which such speculation has been carried on for some years back has been a public scandal. Canada in this respect has not only a bad pre-eminence, but stands absolutely alone. With all the speculation of which Wall Street is the centre, this kind of thing is entirely unknown there. Speculation on the Stock Exchange of London has risen of late years to a point which leaves Wall Street itself far away in the shade. But bank stock speculation in Britain has been put under a legal ban, and that by legislative action. And for what reason? Why, that the interests bound up in banking institutions are too important to be trifled with by speculators; that the depositors of a bank, the stockholders of a bank, and the many numerous customers of a bank, ought not to have their interests imperilled by men who have no interest in the concern, is evident on the face of it. It will be apparent in a moment that it is scandalous trifling with some of the gravest interests of the country, to permit a person to make a pretence of acquiring a large interest in an institution when in reality he has not the slightest intention of incurring any responsibility whatever. It is evidently unjust to those who have incurred these responsibilities. It is unjust to the numerous bodies of persons who have risked their money and embarked their means in important undertakings, as joint stock banks, to have a number of specu-

tors hovering round their skirts, pretending sometimes to join them, and sometimes to leave them, all the while having no serious intention on the subject, except to make a profit on the cast of the die. While it would certainly be inadvisable to interpose any obstacles to an investor, either to becoming a partner in a banking institution, or withdrawing himself from it, there can be no doubt whatever that the state of things which has arisen in Canada is one that calls for an alteration in those legislative enactments under which this system of pretended purchases and sales is carried on. It has been well observed, in recent discussions on the subject, that property in banks is not like property in many other descriptions of joint stock enterprise. The position of a railroad, for example, is not in the least affected by operations in its stock, —whether that stock rises or falls its trains run, and its connections are made, and its operations proceed without the slightest disturbance. Speculators may lock up the stock, sell their stock, operate for a rise or a fall and resort to all the tricks that are known to speculation, and not a particle of injury will be done to any interest, and for the very good reason that a railway is a public highway, that cannot be stopped under any circumstances. It has not a body of creditors who use it as a depository for their spare funds, nor has it, on the other hand, a large body of clients and customers who are dependent upon it for the means whereby their mercantile or manufacturing operations are carried on. A Bank, however, is in an entirely different position. Its position, in fact, is unique. A banking institution stands by itself: credit and public confidence are its very life. Anything whatever that touches upon this ground affects not only its interests but the interests of the numerous body of the public whose affairs have been entrusted to its keeping. Hence it is that irresponsible operators and speculators ought not to have it in their power, by mere scheming and manipulation, to raise or depress the shares of banking corporations. It is not reasonable. It is not allowed, nor it does not exist in any other country, and it is a scandal which ought not to be permitted to prevail a moment longer amongst us than can be helped. The damage it has done already is enormous. Whether the wave of speculation is in an upward, or a downward direction; whether the operators and manipulators wish to depress or increase bank stocks, the effect is equally mischievous. A few years ago, the stocks of our banks were forced up by speculation, and for speculating purposes, to figures far beyond their intrinsic value. There was no reason whatever,