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WHO'S TO HOLD THE IDLE GOLD? **T**HERE is no slackening in the tide of discussion, among London bankers, on the question of gold reserves—although it cannot fairly be said that all the talk gets them much "forrader" towards any really practicable scheme. An accountant standing high in his profession—who has just published a text book on the subject of the money market—proposes that in future dividends of all banks shall be restricted by law to 10 per cent. until they have accumulated a gold reserve equal to 5 per cent. of their liabilities to depositors. To the English banker, so arbitrary a proposal seems revolutionary indeed. To Canadians the proposed 5 per cent. reserve seems moderate enough, compared with even the 13 to 15 per cent. reserve (of specie and legals) averaged against deposits by our banks in addition to ready reserves placed in New York and London. But the English banker lets the Bank of England hold his reserves—and the Bank of England, in great part, lets the Continent, and the world at large, hold its gold until need for it arises. Then, an increased bank rate is counted upon to "do the trick" of attracting the necessary gold. How effectively it works has been seen of recent weeks. For months the Bank of England was alone among the world's great banks in not accumulating stores of idle gold. When gold was needed, especially in connection with new security flotations, the bank rate was simply raised from 2 1-2 to 3 per cent. in January—and gold has since poured in. So abundantly, that its total holdings are expected by the end of this month to reach the highest figure in a decade.

THE FLUCTUATING LONDON BANK RATE. **S**O far so good, from the banking and purely financial viewpoint, say English business men; but they complain that the constant fluctuations in the Bank of England rate are injurious to trade. And in this connection, they argue that in proportion as the banking stock of gold in the country is increased, so will be decreased the necessity for changes in the rate. There is some tendency at this point, however, to minimise the fact that London—as the world's one free market for gold—must in any event have interest rates more frequently affected than these at other financial centres. Be that as it may, the agitation for increased gold reserves is gaining strength.

No fewer than three committees have lately been considering the subject, and one of these—that appointed by the Association of Chambers of Commerce—has made its report this month. It is an interesting document, which surveys the question from the point of view of the business man, and is worthy of serious consideration even by those who may not agree with the whole of the recommendations.

BANKING CHANGES PROPOSED IN ENGLAND.

NO fewer than seven recommendations are made by the Chambers of Commerce committee, with a view to improving English banking. These may be summarized as follows:—(1) More information as to the position of the Bank of England and joint-stock banks; (2) a Government reserve against Post Office deposits; (3) the issue of £1 notes; (4) the appointment of a committee to consider how far the Bank Charter should be revised in 1911; (5) the emergency issue of notes under taxation; (6) the retention of a part of the fiduciary issue for times of emergency.

As to the first suggestion, there is certainly a strong body of opinion in its favour. How soon it will become effective is still conjectural. Regarding Post Office banking, bankers at present complain—and, no doubt, justly from their point of view—that they are subjected to unfair competition by the Post Office, as that office does not keep a certain proportion of cash in hand, as the banks are obliged to do in order to meet a run by depositors. In the case of the Post Office, however, it may fairly be doubted if such a run would take place under any but the most grave circumstances, say, an invasion by a hostile power—in which event doubtless the Government would want all the gold available for its own purposes. Rumour alleges that the recommendation regarding the issue of £1 notes is to be brought before the Chancellor of the Exchequer by several prominent city authorities. The proposal is, of course, far from new. Lord Goschen once supported it, although not with any warmth; and with the proviso that such an issue should mean a real reserve of gold and that steps should be taken to ensure that gold did not leave the country in increased quantities by its means. In Scotland and Ireland the £1 note is very popular, but, in all probability, the average Englishman would require a good deal of education before he could be induced to treat a £1 note with the same nonchalance as he does a sovereign.