

## CANADIAN AND UNITED STATES BANKING.

## A CONTRAST.

AT the fifty-fourth meeting of the Bankers' Club of Chicago, Mr. B. E. Walker, general manager of the Canadian Bank of Commerce, was the guest of honor and delivered an address to which was given the title, "Lapses from Virtue in Finance." The American Banker in commenting on the address says of Mr. Walker: "We have no more earnest critic of our banking system than this able and urbane Canadian economist." Mr. Walker said:—

"If we compare banking in the United States with other prominent systems of the world we are struck with certain features in which your system differs. As these systems represent the two great classes of banks, those which are the result of compromise between the commercial needs of the people and the necessities of the Government, such as in England, France and Spain, and those which more nearly represent only the commercial needs, such as in Scotland and Canada, we may fairly conclude that any quality possessed by the five countries named is inherent in sound banking, and if not included in your system its lack is surely subject to careful study.

"Now, in all five countries the banks are few in number with large capital and branches, while the banks in the United States are numbered by thousands, have individual small capital and no branches. In the five countries the paper money is created almost altogether by the banks, and these are, of course, in constant touch with the business community. These are startling differences, and in my opinion are of paramount importance. I do not think I am wrong in saying that these differences are the cause of most of the present evils in the finances of the United States."

Mr. Walker declared that the United States Treasury was not in touch with the business community, but had been made by Congress to assume the terrible responsibility without having the power, except by such costly expedients as the last bond issue, of maintaining its stock of gold. If there was to be a reform in banking and currency it would involve the redemption of the issues of the Government and the retirement of the Government from the banking business. Mr. Walker outlined, as follows, the first reforms in banking which in his opinion the United States should undertake:

"1. The National banking system, including the bond-secured notes and the 10 per cent. tax on State bank issues, to continue, with such alternations in details as may be necessary. If the reforms proposed were shown by time to be successful, other measures looking to the extinction of the National banking system and the 10 per cent. tax could be considered when necessary.

"2. Any bank with a paid-up capital of \$1,000,000 or over to be allowed to issue notes, say to the extent of 75 per cent. of the paid-up capital, secured only by

being prior lien on the assets of the banking, including the double liability of stockholders, and of an insurance fund of say 5 per cent., and to be free from the 10 per cent. tax. Such banks to be allowed to establish branches within the State in which the head office is situated. If the franchise is granted by a State the Federal Government to approve of the regulations securing the note issue and to hold the insurance fund. I do not enter upon the question of what the minimum paid-up capital should be in the case of banks desiring to avail themselves of such bank issues, but not to open branches. I hope, however, it might be practicable to make it as high as \$500,000.

"3. Any bank with a capital of say \$5,000,000 or over to have the same privileges as to note issues and to be allowed to establish branches throughout the United States, limited, if they thought necessary, to cities of National and not local importance. Such a franchise would, I suppose, be granted by the Federal Government. In view of all that happened since the war, I presume it would not be too great a stretch of Federal power to grant such a franchise.

"4. Banks should have the undoubted power to buy and sell foreign bills of exchange, to issue letters of credit and to perform all of the functions usually performed by banks in Great Britain and Canada. In Canada, although we work under a general banking act, as the National banks of the United States do, we act on the theory that we may do anything within the scope of banking which is not expressly prohibited by the act. In the United States, while a few banks deal in exchange and letters of credit, others think they have not the power."

## DE CARBON STEEL.

A REPUTED REMARKABLE DISCOVERY BY A CANADIAN.

AT a recent meeting of the Canadian Institute, Mr. T. Doherty, of the Doherty Manufacturing Co., Sarnia, Ont., read a paper on De Carbon Steel, which is provoking very wide interest among all interested in the manufacture of iron. The process has been fully protected by letters patent in Canada, United States and Europe, and Mr. Doherty is sanguine of a revolution in the iron manufacturing of the world.

Queried by an interviewer as to the peculiar benefits to be derived from the use of the process, Mr. Doherty said: "I know I have a casting much stronger, softer and of finer structure, that will stand heat better and not warp or crack, is much more readily machined and takes a finer finish than ordinary cast-iron. I know that such a metal cannot be melted from one part No. 2 foundry pig-iron and three parts low-grade scrap and sulphurous coke in the old way."

In regard to the difference in the cost of production, his words were:—"I know that the loss in melting is under 5 per cent. because I have weighed the charge in and castings out, and anyone doubting this statement can have the privilege of so weighing any day at our foundry in Sarnia or in any of the foundries who have adopted my patent in the United States and