

times the holdings, in legal tender, of the banks are considerably lower than at others. Also, the holdings of some banks are much lower than others. Canadian banks hold the smallest amount of legal tender of any banks in the world, hence our financial system is the most hazardous of any in existence. The public grants the banker a greater credit on his reputation than the banker would grant the farmer, the manufacturer or the merchant. A statement for credit from one of these with a showing of \$12,000 capital and \$100,000 indebtedness, nearly all of which is due on demand, would not be regarded by a good banker as strictly "gilt-edged," and yet this is a better statement than the average banker offers of his conditions to the public.

The reason for this condition is, of course, that our laws do not require banks to keep a reserve against either bank notes or deposits, as do the laws of most other countries, and our bankers, greedy for earnings and profits, invest their funds to a very small margin. This, together with the fact that they have the right to circulate their notes without any tax or cost such as exists in other countries, accounts for the handsome profits earned by the banks, and enables them to distribute large dividends, even after paying princely salaries to their managers and directors, and charging up, as expense instead of to capital account, a large part of the cost of the magnificent and costly bank buildings they are erecting. Even during times of scarce money, when the wheels of industry are standing still or running half time for the want of proper financial accommodation, as has been the case during the last year, the Canadian Bank of Commerce can spend between two and three millions of dollars in erecting a palace which shall accommodate nothing more than its Montreal branch and business. The Bank of Montreal has a similar structure, which cost a like amount, yet this building, together with all the other bank premises of the Bank of Montreal, appears in the Government bank statement valued at only \$600,000. The difference between this amount and the actual cost of these buildings has been paid for out of profits, instead of capital account. What a contrast does the Bank of England, with over \$600,000,000 of assets and nearly \$200,000,000 of gold reserve, housed behind walls that in appearance are little better than our common jails, offer to the gilded palaces of some of our Canadian banks. Why is it necessary for our Canadian banks to pay salaries to their managers ranging from twenty-five to fifty thousand dollars a year when the Bank of England pays to its highest salaried officer two thousand pounds, or less than ten thousand dollars, a year, and the Imperial Bank of Germany, with assets of over \$600,000,000, pays to its manager only \$15,000 a year.

Space will not permit here of a complete review of the Fielding Banking Act which is one of the most unique pieces of banking legislation that can be found in any country. But I cannot refrain from calling attention to one feature, which invests the Bankers' Association with powers that should be possessed only by the Government, and which enables the Association to place a very much heavier liability on the shareholders of defunct banks than they would otherwise have to bear.

Section 117 of the Bank Act authorizes the Bankers' Association "if a bank suspends payment in specie or Dominion notes of any of its liabilities as they accrue, forthwith to appoint a curator to supervise the affairs of such bank," and to farther "at any time remove the curator and appoint another in his stead."

This places the whole disposition of the affairs of a defunct bank in the hands of its competitors, a condition which would not be tolerated in any other business. The effect of it is to enable the banks to purchase such assets of the defunct bank as they desire at their own prices, thus placing a greater burden on the unfortunate shareholders

The Reason

Costly Bank Buildings

Excessive Salaries

The Fielding Banking Act

Exceptional Powers of Bankers' Association