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BANK ACT REVISION.

Although the season appointed for the decennial revision of the Bank Act is drawing near, there does not appear to be in sight a single important change upon which the people on the whole are insisting. To be sure there are a number in every province who believe that the banking institutions should be subjected to governmental examination or supervision. And, if the bank charters had been dealt with immediately after the disclosures of bad banking methods in the Ontario, Sovereign and St. Jean affairs, it is altogether likely there would have been quite an important struggle in Parliament over this question. But those three episodes are passing slowly into ancient history. Even now they are becoming forgotten, to a certain extent, by the common people. When 1910 arrives they will probably have gone deeper into the limbo of forgetfulness unless some new instance of disaster wrought by reckless banking serves in the meantime to bring them afresh to the front. Should any Canadian bank of consequence or importance fail between now and the time of renewal of the charters, and scandalous methods be revealed whereby heavy loss is inflicted upon a numerous body of stockholders and depositors, it is practically certain that the bankers would have to fight hard to avoid government inspection.

But, if no such disaster occurs, and affairs go along as at present smoothly and pleasantly, it seems likely that the assurances made from time to time by high banking experts, to the effect that a practical and effective system of government inspection of branch banks cannot be devised except at great cost, will have much to do in influencing the mind of the public and of the members of the government against that particular change. Of course, if a disgraceful failure occurred, even after the Bank Act had been renewed there would be nothing to prevent the enactment by the House of a law providing for government inspection, or for any other remedy that might be thought necessary.

It should not be supposed that all the bankers are opposed to government examination, or supervision from the outside. Probably most of them would welcome any scheme of outside inspection that would result in giving the public a more accurate impression as to the strength and clean methods of their respective institutions. It is because they cannot see how to devise such a scheme, and because they do not want to run the risk of their rivals becoming acquainted with their best business that they oppose the idea.

It thus seems likely that on this occasion the public will not demand any radical or revolutionary changes. The highest foreign critics have been bearing testimony in the past couple of years as to the excellence of our system, and Canadians are much too hard headed and sensible to indulge in momentous experiment with banking legislation when no pressing need for it exists. Parliament and the ministers can do the most good to the country by conferring with the bankers as to how the usefulness of the banks can be increased. Their proper function is to develop and encourage the various industries and trades in which the Canadian people are engaged. If there are some particular industries or trades which do not get from the banks the support to which they are justly entitled, the matter might be inquired into. Probably it would be found that the bankers were indisposed to go to the assistance of the parties engaged in these businesses because they considered the transactions too risky. Very well then. Let the government officers, or the members of the parliamentary committee, and the bankers set themselves to discover whether it is possible by legislation to eliminate the extra risk and thus ensure to the industries and trades referred to an ample supply of banking credits. Some good people suppose that the best way to ensure that the banks shall support home industries is to declare by law that they shall do so and to forbid them sending funds abroad. Experience shows that all that is necessary, in the case of banks like ours, is to create by legislation a situation making it safe for the banks to put their funds at the disposal of the home business men, and they will do so to the limit of their ability. Thus it comes about sometimes that an industry can be helped more through giving the banks and other lenders plenary powers of sale, etc., over goods pledged as security for loans, than by passing statutes directing them to confine their investments to home industries.

The Canadian Parliament has followed this wise policy of encouraging the banks to go to the support of every worthy Canadian industry. And it will do the most good by letting that be its main endeavour. Of course, there are always minor changes to be made in the banking laws—some of them possibly against the wishes of the bankers.