

**Bank Amalgamation.** The step whereby the Canadian Bank of Commerce acquires the Bank of British Columbia is in line with the tendency of events not only in Canada, but throughout the financial world.

Wherever the system of banking is highly developed, there will be found that stability which large capital alone can give and maintain. It is only about three years since the great Deutsche Bank of Germany absorbed what had been a number of independent institutions in that country by turning them into branches.

The same assimilation has been going on in Great Britain until but few private banks exist there, while several most important amalgamations are on the tapis.

Even in the United States, where the conditions are not such as to allure banks to amalgamate, the tendency of the times can be seen. The National Union Bank of New York and the National Bank of Commerce of the same city amalgamated only recently, and the National City Bank absorbed the Third National Bank.

What Canada now wants is a speedy disappearance through amalgamation of the small bank, that is the bank with a capital under the amount now permitted a new bank under the Act. Provision is made in the new Act to encourage this move, which is in itself a hint from the finance department and the bankers generally as to what is considered desirable.

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**One Bank of Issue.**

In the July number of the "Bankers' Monthly" (Chicago), Mr. Conrad N. Jordan, Assistant Treasurer of the United States, advocates a plan for the improvement of the banking system of his country. After stating that the necessity for revision of the banking laws of the United States is beyond question, he points to the difficulty of finding an acceptable solution, and says it is mainly created by the prejudice of the people against incorporated banks and their managers. Mr. Jordan introduces the plan in these words:

"The true solution is one bank, owned by all the banks of the country as stockholders, as a bank of issue, and based on the model of the banks of England, France, and Germany. This ownership by banks only would take away all fear of foreign ownership or control of our banking system. The next best system would be the use of the clearing houses of the country at a means of local bank issues of currency.

"Owing to the great and increasing number of the banks of the country, the physical difficulty of assorting and distributing the bank notes increases the cost and thus deducts from the profit of the banks on the currency side of their accounts. To assort the notes of 5,000 banks will increase the cost instead of lessening it. It now costs \$.35 per \$1,000; it should not

cost more than \$1, and would be much less under the proposed clearing house redemption, for these institutions would not exceed 100 in number for many years to come. This difference in cost results in a currency service at so much less cost to the people, for the daily transactions of the country bear the cost of redemption of the currency used in making those transactions, and this cheapness of movement should be kept constantly in sight; not merely as affording additional profit to the banks, but as an absolute economy to the people.

If the clearing-houses of the country were organized somewhat after the manner proposed herein, this economy could be effected. Let Congress incorporate the clearing-houses of the country under the national banking laws, modified as follows: Each incorporated bank in the clearing-house, whether State or National, to take the capital stock of the clearing-house currency association, payable only in United States bonds at par, shares to be not less than \$5,000 each, and not transferable except to the other members of such clearing-house, or such incorporated banks as this body of members chose to admit; also be incapable of transfer when the bank is indebted upon its currency or other accounts to its associates, or to the United States Government upon any of its accounts. These clearing-house banks should be exempt from taxation, except as to real estate and notes issued (though I concede this latter with difficulty, as I do not believe in the taxation of currency); because the shareholders of these banks being banking corporations already paying taxes, taxes upon the shares held by them would be double taxation. No bank should be admitted, either in the formation or future growth of the clearing-house, except as subject to periodical examination by the clearing-house or the State, or by the Comptroller of the Currency. The clearing-house currency association may then proceed to issue currency upon the United States bonds paid in as capital, which bonds are to be deposited with the Treasurer of the United States, and such additional currency as may be assigned to it by the individual banks, members of such clearing-house; these banks assigning the existing currency and bonds held as collateral in the hands of the Treasurer of the United States to the clearing-house banks, and to maintain upon such issues to the extent to which the bank, or banks, may use such currency, its, or their, pro rata share of the 5 per cent. fund in the United States Treasurer's hands. As one of the objects of the clearing-house bank is to finally withdraw or terminate the present mode of redemption, so soon as the necessary machinery can be put in motion, this provision would end in the establishment of one or more associated currency clearing-houses at some one or more points; these points to be located at places where the most economical results could be had in effecting the redemption of all the notes issued by the different "currency clearing-houses."