

# The Chronicle

## Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

R. WILSON-SMITH, *Proprietor.*

GUARDIAN BUILDING, MONTREAL.

Annual Subscription, \$2.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, DECEMBER 27, 1907.

### UNITED STATES AND BRANCH BANKS.

It is said of the United States banking panic that it has caused a most remarkable flood of literature of all kinds bearing on banking and financial matters. Every second or third person feels "called" to express his views of the causes of the troubles and the proper remedies. If he can get his ideas into print he does so, but letter writing to prominent personages seems to have furnished the principal vent. One of these, Mr. Dumont Clarke, chairman of the New York Chamber of Commerce, was obliged to resign because so much of his time was taken up by these letters and by interviews with people wanting to give their opinions. In reading the various suggestions put forward, Canadians will perhaps be surprised to see how few are the instances in which it is recommended that branch banks be established in the States.

There are, to be sure, quite a number of influential voices raised for the creation of a great central bank of issue which shall be a bankers' bank and have a semi-government control. The fact of the matter appears to be that a number of experts see clearly enough that branch banks would prove a great blessing to the States, but they regard them as impossible of attainment because of the opposition of the banking interests throughout the country. The political influence wielded by the presidents, vice-presidents and local boards of the little independent banks is enormous in their respective localities, and, of course, all that influence would be exerted to prevent any progress towards the system of branch banks wherein they would probably be superseded by the mere branch manager. Then, on top of this natural opposition, it may be said that neither the bankers nor the people have any adequate conception of what the branch banks do for the people in the various countries where they are the vogue. The general idea is that large branch banks tend to foster a monopoly in banking, and that they exercise a malignant influence on the smaller places through draining

away their resources for the benefit of the cities. A great many people who admit that branch banks are beneficent in other countries yet hold the opinion that conditions in the United States are so peculiar that it could not be hoped that they would be beneficent there.

No one with a knowledge of what the banks in Canada do for their customers can read the American papers nowadays without perceiving that business men and depositors in the States do not get anything like the facilities enjoyed by business men and depositors in the Dominion. And it would seem that those who have the best interests of the republic at heart could not do better than to start in to educate the plain people on this point. If the merchants, manufacturers, wage earners, and savers, once got a clear notion of what branch banks in other lands did in the way of furnishing facilities and developing commerce it might well be that the opposition of the banking interests would no longer suffice to prevent their institution.

There have been two notable instances lately, in which very prominent men have come out with opinions that will be cordially supported by the best banking opinion in the Dominion. The first was on the occasion of an address given by Mr. Frank A. Vanderlip, widely known as vice-president of the National City Bank, New York's largest bank, to the students of Columbia University.

In the course of his remarks Mr. Vanderlip, said: "In respect to branch banking our legislation is unique. The laws of every other important nation encourage branch banking and the results of it have never tended to enslave the people, to build up dangerous monopolies, nor to increase the interest rate. The result in fact has been quite the reverse."

The other occasion was Mr. Andrew Carnegie's address to the National Civic Federation in New York city on the 16th December. Mr. Carnegie took Scotland as his illustration "That little country had 1,065 banks (branches) in 1902 bringing banking facilities to every village in the land, and extending to the small customers, the farmers especially, cash credits to agreed upon amounts, interest being charged only upon the advances made, rate of interest the same throughout, the millionaire in the metropolis and the village blacksmith paying the same. If our farmers and small traders generally knew how much they would be benefited by the Scotch system we should encounter little delay in Washington."

It is well known that the Canadian system is founded upon the Scotch system and is more like it than any other. Furthermore, conditions in Canada are more similar to United States conditions than are the Scotch. Of course, it would be a matter of considerable time before any great pro-