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BANK AMALGAMATIONS.

When the Bank of Nova Scotia successfully pulled off the absorption of the Bank of New Brunswick early in 1913, and when that event was followed by the Parliamentary enquiry into banking matters, in course of which pronounced hostility to further concentration of banking power was expressed by the members of the Committee and of the whole House, it was thought that there would be no more bank mergers in Canada for a time, except perhaps in case some small bank became embarrassed. The news of last week, to the effect that the directors of the Bank of Nova Scotia and of the Metropolitan Bank had entered into a provisional agreement for the purchase of the latter by the former, came as something of a surprise.

There is probably less objection from the public point of view to the expansion in this way of a bank ranking as the Nova Scotia ranks than there would be to the expansion similarly of one of the three great banks standing at the head of the list. The public appears to have an idea that it would be dangerous to allow the largest banks to continue expanding rapidly through gobbling-up smaller institutions; but if one of the banks belonging to the next division proceeds to enlarge itself in this way, it might be taken as enabling the bank in question to compete more vigorously with the leaders.

Carrying the matter further it would not be difficult to find a section of the public that would be disposed to applaud when one comparatively small bank amalgamated with another. That occurrence might perhaps be taken as creating an additional strong bank ready to battle with the others. However, looking broadly at the question it seems that every amalgamation that takes place serves to diminish the competition among the banks in general, and to concentrate the banking control in fewer hands. The opinion prevailing in the Banking Committee at Ottawa was that the list of chartered banks in Canada is diminishing rapidly enough from natural or unpreventable causes, and that all the larger banks should on principle

refrain from taking aggressive action in absorbing their smaller competitors. It was agreed that exceptional cases might arise wherein an institution in distress had to be quickly taken over by a stronger bank; but where both the amalgamating banks are strong and capable, the sentiment is that they should continue to work as independent units. There was quite a strong movement in Parliament to have the law amended so that it would be necessary to get the sanction of the two houses for each and every bank amalgamation; but it was finally arranged that the consent of the Finance Minister would be sufficient. The radical members agreed to this unwillingly, and only when it was pointed out that a crisis might occur while Parliament was not in session, and that disastrous results might follow if it proved impossible to get speedy authorization for the taking into cover of distressed banks.

Under these circumstances it would scarcely seem to be in the interests of the banks to have this absorption of the Metropolitan followed by other mergers, unless the combinations are necessary for preserving the general financial tranquility. As soon as this latest transaction is completed the number of banks in the Dominion will stand at 23. It is probably safe to say that each successive drop in the number will ensure for the banks an additional amount of public hostility. Putting it in different words the smaller the number becomes the greater the hostility of the public, as expressed in the newspapers and in the legislatures, is likely to grow. Consequently, if there are further amalgamations which are not looked upon as necessary, the banks may have greater difficulty in retaining possession of privileges and rights now enjoyed by them. As a general rule these rights and privileges are of as much value to the public as to the banks. This applies particularly to the privilege of note issue. So if any of the rights of this description were abolished the country would probably suffer more than the banks. But the public does not understand it this way. The average man

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