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REVISION OF BANKING SYSTEMS

Banking and currency reforms are not confined to Canada. The people of the United States are concerned regarding these questions, and its financial journals are presenting many suggestions, as the following headlines show:—

- An Elastic Currency would Help.
- A Scientific Centralization of Reserves Necessary.
- Make the Circulation more Flexible.
- Present Banking System without a Head.

The reports of the enquiry into Canada's Bank Act have been closely scrutinized, as will be seen from the appended remarks of a Minneapolis contemporary:—

"Just at an opportune time, Canada is now furnishing us a valuable object lesson in the proper method of handling banking and currency reform. Every ten years Canada revises her banking laws, and endeavors to keep them up to date and in harmony with the latest business development. Here we see the right attitude, which is in such strong contrast to our own methods that it calls for special comment.

"Our national bank law was passed in 1863, and from the difficulty experienced in getting it amended, one might infer that it was a sacred law, perfect, and not to be disturbed. Except for the few minor changes, the law stands about as it was passed fifty years ago. On the other hand, Canada appears to realize that a national bank act should not be a fixture, but a mobile instrument, changing to meet new conditions.

"So we find the Canadian laws have been regularly revised to best serve the banking and commercial business as it develops in that country.

"This procedure follows the natural evolution of all laws that endure. When experience shows the best way, it is made the legal way. In our over-smartness we have vainly imagined that we can reverse this method, and compel business to adjust itself to the antiquated law. The experience of the two countries in 1907 proved conclusively which one has followed the soundest and most scientific financial principles.

"In revising her banking laws, Canada is asking for the advice of both her active and retired bankers, and has even invited our own bankers to come over and offer suggestions for improving her code. J. B. Forgan, president of the First National Bank of Chicago, stated his views before Parliament recently, and other prominent bankers from the United States will do the same. Probably the Canadians felt that Mr. Forgan was especially qualified to give good counsel, as he has been an active banker in both countries.

"We are not now considering the relative advantages of the Canadian or United States banking systems, as that is quite another story. Either country will, no doubt, adhere to the system it now has, even if amendments are adopted from the other's experience. What we should like to see in Congress is the spirit and attitude manifested at Ottawa, of trying to develop the most efficient banking system, and of basing changes in the law upon the judgment of practical bankers. Let Congress ask for the counsel of the leading commercial and investment bankers of this country and Canada, and of Europe, too, for that matter, and we would then have a rational basis upon which to build additions to our present system."

These remarks show the methods that Canadian legislators have used in determining improvements in Canadian banking system have met with approval in United States financial spheres. Now, when the talking is done, comes a time of action, and then Canada's Revised Bank Act.