

## BANK ACT AMENDMENTS.

The amendments to the Bank Act proposed by Mr. Robert Pringle, and referred to on another page, do not lack comprehensiveness. Each in itself is a controversial topic; each is so important that the knowledge of an expert almost is necessary to appreciate the import of the proposed changes. Mr. Pringle, we believe, is not a panic legislator. He thinks the Bank Act might be properly amended and revised. And he will have many supporters.

But the proposals need the careful consideration of bankers and the public alike. The people of Canada sometimes forget that the peaceable working of the banking system of the country is due to the excellence of that system. The public frequently regard the banking question from one viewpoint alone. Bankers necessarily must take broader views.

When in Montreal some months ago Mr. Pringle expressed some interesting opinions on the subject. The Bank Act, he said, in its present shape, instead of being an improvement on the former Act, is the reverse. As the law now stands, he argued, the banks are in a position to create a stringency in the money market and to charge borrowers any rate they deem fit.

Is it any wonder that money is tight in Canada? he asked, and added that there are greater restrictions on the ordinary lender.

He also referred to the recently discussed subject of inspection, stating that Government inspection of securities should be held, and the banks, in this way, should be surrounded by specific and drastic legislation. Finally, he claimed that the Government should raise the interest in times like the present, so that they would be paying the Canadian depositor as much as they are paying for loans in foreign countries.

He related that in South Dakota the legal rate is 7 per cent., but by contract as much as 12 per cent. may be accepted, all over that rate being, however, forfeitable. Aside from South Dakota, matters throughout the United States generally are far worse than they are in Canada. In New York, at times, the rates of interest on call loans is 20 and 30 per cent. It has been even higher. Each fall, for several years past, it has probably gone up to somewhere between these two figures.

The weakness of these criticisms is the treatment of the subject as though the financial stringency and high money rates were maladies peculiar to Canada. This country is growing at a much more rapid rate in proportion to population and wealth than the older countries. So money has become scarce. A scarcity of any commodity means increased prices therefor. The difficulty of enforcing any Act having for its object the regulation of prices is well known.

In urging that the Government should pay as large an interest to the depositors in Canada as to those from whom they obtain money on loan in foreign countries, Mr. Pringle will please some of the public. But, on the other hand, it may be argued that the Government cannot afford to pay as much for small sums, withdrawable at any moment almost, as for long term loans. There are banking institutions in Canada which offer a higher rate of interest for deposits placed in special accounts, untouched for a certain length of time—such as six months or a year. This demonstrates the preference for loans for definite periods.

Again, while it sounds well to declaim against the loaning of Canadian money in a foreign market while no money is to be had at home, the argument has little merit. If one were to ask why the banks loaned the money in the United States instead of in Canada, one reply would be that the interest return is higher. Yet it is desired to limit still further the interest rates in Canada. Another answer is that the banks loan money in New York to be able to withdraw it at a moment's notice in case of a panic in Canada. One of the essen-

tials of a good banking system is that the money shall have freedom to flow backward and forward without artificial or other restriction, to the point in greatest need of it.

The proposition for Government inspection will probably encounter much opposition. The general attitude of the bankers is adverse to this, though a well-known general manager in Montreal expressed himself, to the *Monetary Times*, much as Mr. Pringle. Aside from the feasibility of adequate Government inspection, whether it is wise or not to multiply the functions of Government is a moot point. Mr. Pringle is undertaking a big task. His progress will be watched with interest by the financial and commercial interests of the country. Anyway, benefit will accrue from the necessary discussion of this subject.

## EDITORIAL NOTES

Someone will suggest one day that Acts and Bills and things of that sort should be indexed for ready reference.

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This week two of the most important news items from Great Britain, both of intimate interest to Canada, came to the Dominion via the *New York Sun*. Why?

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It is reported that the famous tenor, Caruso, had an account of forty thousand dollars in one of the New York banks which failed this week. The despatch did not state that the gentleman had besides an ample supply of notes.

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The insurance legislation of Canada is being remodelled. Mr. Robert Pringle, M.P., seeks to amend the Bank Act. Now some up-to-date legislator should step forward with a scheme to regulate the eccentricities of the stock markets.

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The liquidation of the York Loan Company still progresses. Shareholders are the patient element of human nature. To disentangle some clear facts and a little money from the intricacies of the liquidation would be an excellent performance. Probably some shareholders have given up the task of extracting something definite out of legal phraseology and arguments.

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The latest writer on canals predicts that the Panama undertaking will be finished in six or seven years. This enormous enterprise has been a conversational topic for so long that doubt has arisen in many minds as to its ultimate completion. Cyrus Field once told Goldwin Smith that it would never be completed. And, after all, much may or may not happen in the next six or seven years.

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Another instance of a new company choosing the name of an old-established concern came to our notice this week. That there is much in the choice of a name is very evident. Companies, like babies, are christened with a certain name for a certain reason. Managers, like mothers, do not decide upon the first nomenclature idea which enters their heads. Naturally, in a fairly well-populated world, it is impossible for one man to boast of the proud distinction of being the only fellow in the world named William. But with companies it is different; indeed, it is a somewhat serious thing. No just reason exists for a new concern, flushed with the color of ambition and enthusiasm, adopting for its own name that of an old-established company. The act is stealing. The company guilty of such practice is not far short of a thief.

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The speeches of Mr. R. C. Steele and Mr. George Caverhill, the retiring presidents of the Toronto and Montreal Boards of Trade, respectively, referred to the