

**Another
Opinion**

But occasionally we find disinterested and able critics in foreign countries sizing up our banking system from an independent point of view, and then we have it set forth in its true light. But seldom do such criticisms appear in our Canadian newspapers.

One of such reviews was made a short time ago by Mr. E. D. Hulbert in an address delivered before the American Institute of Banking. Speaking of the claims for the branch banking system he says:

"The test of the soundness of these claims should be the practical working of the system where it is in operation. No one will deny that the financial system of a country must have a great influence upon its growth and prosperity. If the Canadian system is really better than ours, the superiority ought to manifest itself somewhere, either in the superior growth and prosperity of communities in Canada having resources and natural advantages similar to ours, or in the greater prosperity of the banks. I believe that the contrary is the fact. I believe that, almost without exception, Canadian towns outside of the financial centres have shown development and prosperity inferior to towns with similar natural advantages in this country.

"While a considerable part of the Canadian territory is not capable of much development, it is astonishing how slowly the best parts of it have developed; and I believe that this inferiority as compared with the United States is largely attributable to the difference in banking methods.

"In Canada there is a rigid system, to which every community, big and little, must adjust itself in the best way it can; in the United States we have an elastic banking system that adjusts itself to the needs of each community.

"In Canada, no bank can be incorporated with less than \$500,000 capital. In the United States the policy is to let the banking capital be adjusted to the needs of each community. In some of our western states, banks can be incorporated in small places with a capital of \$5,000, and the national bank act permits the organization of national banks with a capital of \$25,000. The part these small banks play in the growth and development of the whole country has not received the attention it deserves.

"Almost every town and village has one or more incorporated banks, either state or national, capitalized with local capital, officered and directed by local men, thoroughly in touch with local needs and conditions. The interests of these banks are all with the home town. They are a part of the flesh and bone of the community, and are vitally interested in the upbuilding of their own locality. They are always the largest taxpayers. The best business men of the town are glad to accept directorships in these banks and to serve without compensation. When the officers of these banks are called upon to extend financial aid to some enterprise that may promote the welfare of that place, they can call into consultation able men intimately acquainted with local needs and conditions; men who know personally the men applying for the loan. What method could possibly be devised whereby a more fair and intelligent judgment would be likely to be reached? Under this system the surplus funds of each community are used, first, for the benefit of that community under the supervision of men whose interests are local.