

# The Chronicle

## Banking, Insurance and Finance

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### THE GENERAL FINANCIAL SITUATION.

*(Continued from Page 485)*

sittings in the West, suggest that not too great hopes should be built upon what that commission will accomplish. The occasion of the Commission's sittings seems to have been seized for the ventilation by every kind of crank of his pet crankiness. Frankly Bolshevik ideas have been freely put forward, and the weirdest schemes for going back to a condition of economic anarchy. It is to be hoped that the Commission will get something more helpful than this sort of stuff when they come East, and it is incumbent upon employers and business men, who have any ideas in regard to the evidence of friction between what is euphoniously and inaccurately called, Labor and Capital, to put them forward in order that the Commission may have the benefit of practical and sound suggestions. The incredible notion of going back to the savage's idea of barter, which has been brought forward more than once in the West, does not represent the maximum of Canadian thought on the labor question.

As a matter of fact, it is clear that those who claim to speak for labor in this matter, waste a good deal of their energy in attacking the wrong people. We do not believe that on the whole, capital invested in legitimate industrial enterprises in Canada receives an adequate return, in consideration of the risks involved and the losses incurred. In some few favored industries, an exceptionally large return may be derived, but this is offset by the losses incurred in unsuccessful ventures—losses which labor does not share. . . . or do we believe that those who bear the burden and heat of the day in responsibility for the conduct of industrial enterprises, of transportation systems and of banking and financial institutions are, in the main rewarded more than proportionately to the service which they give. But there is a certain class of financial promoter, whose reward, we believe, under present circumstances, is in many cases out of all proportion to services rendered to the community, and cannot be defended. If Labor could clear its vision on this point, a considerable step forward would have been taken in the adjustment of unfriendly relations.

It is understood that in addition to the development of import and export trade with Great Britain, a number of the normal lines of which are being gradually resumed, that in several directions negotiations are under way for the resumption of purely financial relations between Canada and London. Such relations cannot, of course, be resumed on their pre-war basis at present owing to the embargo on the export of British capital. But the projects referred to are being worked on in the expectation of a removal of this embargo, at a date, which in the opinion of some of those actively engaged in these negotiations, will not be far distant. Private advices from London certainly indicate a strong desire on the part of the financial community in that centre to be able to resume unhampered relations of this kind with Canada as soon as possible.

### THE CANADIAN BANK ACT.

*(Second Article.)*

In last week's article, the story of the development of Canadian banking legislation was brought up to the revision of 1890, and there remain to be noted the various changes introduced by the subsequent legislation of 1900 and 1913. The former year is notable for the development of the Canadian Bankers' Association into its present form. This development appears to have been the result of a movement intended to bring about the extension to its logical conclusion of the principle recognized in 1890 in the establishment of the fund for the redemption of the notes of failed banks. It was desired to give the banks a measure of joint control over the issue, circulation, withdrawal and destruction of notes. The suggestion broadened under discussion, and, as Mr. R. M. Breckenridge points out in his "History of Banking in Canada," "It is not too much to say that in a union for insuring the security of their circulation, there finally appeared the beginnings, at any rate, of common effort towards encouraging and, if need be, enforcing the general observance of high standards of banking, the maintenance of adequate reserves, the prevention of frauds in the issue, and the administration of insolvent banks' estates to the best interest both of their creditors and of those who held their shares."

The Association was given the status of a public corporation in a special Act, which defined its powers and functions, and these were further confirmed in the Bank Act of 1900 itself. The unsupervised control of a suspended bank was taken away from its officers directly a default occurred, and the general procedure affecting the conduct of a suspended bank tightened up considerably. The new Act abolished the necessity for a special

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