MONEY AND MAGNATES

Once More a Bank Merger.

THE other day the directors of two of Canada's chartered banks held a meeting. After it was over three men, in particular, became figures of public interest. They are James Manchester, president of the Bank of New Brunswick; President J. Y. Payzant and General Manager H. A. Richardson, of the Bank of Nova Scotia. Mr. Richardson left St. John, N.B., for his office in Toronto. While he was on his way west, Mr. Manchester issued a statement to the press from St. John. It said that the Bank of New Brunswick had decided to become part of the Bank of Nova Scotia, subject to the shareholders giving their consent. The terms to shareholders were to be share for share with $10 bonus. Mr. Richardson and Mr. Payzant subsequently confirmed the Manchester statement.

MR. H. A. RICHARDSON,
General Manager, Bank of Nova Scotia, which has absorbed the Bank of New Brunswick.

In other words, for the second time in a few months a bank merger has occurred in Canada. A few weeks ago, the Royal and Traders linked up forces. Now it is the Bank of New Brunswick and the Bank of Nova Scotia which are united. Bank mergers are becoming the fashion in Canada. The banks enter into them because they reason that in many instances one bank can more efficiently and economically do the work of two; and that concentration of resources places a bank in a stronger position to handle the increasing business of the country. President Holt, of the Royal Bank, argued at the time of the Royal-Traders merger, though he did not use these words, that bank mergers were the penalty of our prosperity. There is a large section of the press and public against bank mergers. These critics urge that our chartered banks are too few now; a tendency to reduce them may lead to a money trust. The question of mergers is one that should properly fall under the new bank inspection act which parliament is said to be considering. At present, as long as the banks preserve the legal formalities the legislature cannot interfere with a merger. How far the public should be considered by banks merging can only be ascertained when the Finance Department obtains power to dictate the policy of a merger.

The new merger has some interesting features. In the first place it affects two of the oldest banks in the country. The Bank of New Brunswick, which now passes out of existence, is 92 years old. Nova Scotia, which receives it, is 80 years old. The merged bank will now have a total capital of $5,410,530, a reserve of $9,864,742; liabilities of $63,577,869; assets of $79,658,122; and deposits of $56,747,825. The Bank of Nova Scotia has 116 branches; New Brunswick, 31 branches. At thirteen points they compete. So if these branches are eliminated, 134 branches will be the new strength of the Bank of Nova Scotia. A merger of the Bank of New Brunswick and one of the larger banks has long been contemplated. Half a dozen of the leading national institutions in Montreal and Toronto have been mentioned at one time or another as desiring to take in the million-dollar bank down by the sea. But the union with Scotia was the natural one. Though its head office, formerly at Halifax, is now in Toronto, the Bank of Nova Scotia has been long the chief banking institution of the Maritime Provinces.

The Bank Statement.

ON looking over the bank statement for September, one is struck with the increased amount of money sent by our banks to be put out in call loans in New York. Money has been very tight and one would naturally expect that during September the banks would have been bringing in some of their money from New York to meet the tremendous demands of the shipping season. On the contrary, one finds that the call loans in New York in September, 1911, were $93,000,000. In September, 1912, these were $112,000,000. In other words, our banks had $20,000,000 more in New York in September, 1912, than they had in 1911, although the need for money in Canada was much greater. Perhaps the bankers think the country is developing too fast and that our progress needs checking.

Rate of Interest in the West.

MR. J. J. HILL proposes to organize a big financial institution in St. Paul which will be an agricultural bank for all practical purposes. Its chief aim and object will be to loan money to farmers. Mr. Hill objects to the high rate of interest now being charged by banks and loan companies to the farmers of the western states. His railroad is dependent to these states for its revenue and more especially is his prosperity bound up with the prosperity of the farmers along his line. Therefore, it is to his advantage that these farmers should get money for development purposes at a reasonable rate. They are now paying from eight to ten per cent., and he believes that he can do what has been done by agricultural banks in Europe and Australia and loan money at at least six per cent. The new company is to be known as the National Bank and Trust Company.

The Canadian North West needs a James J. Hill. The rate of interest now charged by banks, trust companies, and mortgage companies in that district varies from eight to ten per cent. Eight per cent. is the ruling rate. Not long ago a movement was on foot among the various loan companies in Toronto and Winnipeg to increase the minimum rate in the West from