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TUESDAY, JANUARY 28, 1919.

Special Articles

Housing Schemes

By J. W. MACMILLAN.

Conditions in the West

By E. CORA HIND.

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Bank Amalgamation

THE announcement of the proposed absorption of the Bank of Ottawa by the Bank of Nova Scotia has created quite a stir in the capital city, and various plans are suggested to block the movement. There are, under the amended Bank Act, two stages to governmental action in relation to a bank amalgamation.—The promoters are required in the first instance to obtain the approval of the Minister of Finance for the negotiations, and later the approval of the Cabinet—the Governor-in-Council—is required. The first stage has been taken with the Minister's approval. Evidently a strong appeal is to be made to the Governor-in-Council to refuse their consent.

To some extent the opposition is based on the opinion that the amalgamation of banks is tending to create what is called a "money trust" in Montreal and Toronto. The fact that the number of Canadian banks is being materially reduced by these amalgamations is regarded with anxiety, if not alarm, by many. This feeling is so widespread that both bankers and Government must keep it in mind in considering all merger proposals that may arise. Where two banks are occupying substantially the same territory an amalgamation would probably require the closing of many branches and in this way there would be a distinct diminishing of competition, a tendency toward the monopoly that is feared. It is claimed by the promoters of the present amalgamation that this objection cannot be raised, since there are but few points at which the two banks are at present competing, and these, it is stated, are in large centres so well supplied with branch banks that no monopoly can exist.

While it is well to keep in mind the danger that might arise from amalgamation, it is also necessary to appreciate the importance of having strong banking institutions, able to operate in a large field. To increase the capital of a bank the assent of the Government is required, but there is, we believe, no case in which a bank has been denied the privilege of enlarging its operations. There is a provision that a bank cannot go into operation with less than half a million dollars of capital. Subject to that the bank is practically free to adjust its capital to the business of the sphere within which it operates.

It is difficult to see how a fixed limit can be placed on the amount of a bank's capital. A bank of a local character does not need a

large capital. But a bank operating in all parts of Canada—and still more a bank aiming at the encouragement of Canadian business with foreign countries—must have a very strong financial position. It is a day of big enterprises. In England, where there is a keen appreciation of the new conditions that are arising, several amalgamations of large banks have taken place, for the purpose of creating stronger institutions. In the United States plans are being made for the financing of both home and foreign trade in a large way. Canada has her part to play in this world competition for trade, and Canada's financial institutions must be awake to the need. By all means let care be taken to guard against amalgamations that will materially diminish competition. But let us not through unfounded fears prevent our banks preparing to do their part in the big work of financing Canada's trade extensions.

Ottawa's Regret

A READING of the objections taken at Ottawa to the proposed amalgamation of the Bank of Nova Scotia and the Bank of Ottawa leaves the impression that they arise more from pardonable local pride than from the fear of a banking monopoly. If the Bank of Ottawa were absorbing the Bank of Nova Scotia, retaining its head office in Ottawa, probably little, if anything, would be heard at the capital against the merger. The Bank of Ottawa has been a valuable aid to the business development of the Ottawa valley. It is one of the institutions of which Ottawa has been proud. Naturally enough the Ottawa folk do not like the idea of the disappearance of the time-honored name. They do not view with pleasure the prospect of having a branch bank where they have hitherto had a bank's headquarters.

Ottawa is not the first city to have its feelings wounded in this way. Business interests have a habit of over-riding sentiment. Sherbrooke was long the headquarters of a bank, but now has only branch banks. Quebec sorrowfully saw one of its banks move its headquarters to Winnipeg a year or two ago. St. John, N.B., was the headquarters of a bank, but is no longer. Halifax a few years ago had the headquarters of five banks. To-day only one remains and in that case, while the Board of Directors