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As to the bankers' reserves, these would all be kept not in gold but in gold certificates redeemable at the sub-treasuries in gold bullion of whatever weight per dollar should be declared at any time. Thus the banker would not be concerned with fluctuations in the price of gold, but the government would assume this responsibility—as it should under our Constitution provision to “regulate the value of money.”

This question of the government gold reserve, and many other questions which will arise in every banker's mind, are discussed in my forthcoming book, “Stabilizing the Dollar.” Suffice it to say that the plan has for several years run the gauntlet of questions and criticisms among economists and has now their almost unanimous support. It has also been studied carefully and approved by such bankers as Frank A. Vanderlip, formerly president of the National City Bank of New York, and John Perrin, Federal reserve agent of the Pacific Coast. It has been endorsed by numerous other bankers, business men, and business organizations such as the Bridgeport Chamber of Commerce and the New England Purchasing Agents' Association. A resolution has been introduced into Congress to investigate the subject. Before many more months are past it will, I believe, be an issue before the country which cannot be escaped.

Addressed by Dr. Irving Fisher before the American Bankers' Association, New York.

LEGAL CONTROL OF BANKS IN GREAT BRITAIN (Trade Commissioner Henry F. Grady, London, in United States Commerce Reports.)

British banks have been subject to practically no Government regulation except the purely war ordinances, which have been in effect since 1914. Normally there are almost no legal controls. The banks with the privilege of note issue, such as the Bank of England and the Scotch and Irish banks exercising the privilege, are subject, of course, to regulations as to the quantity of notes that can be put in circulation, and the joint-stock banks whose organization was authorized under the parliamentary acts of 1826, 1833 and 1844, are permitted to conduct a general banking business without the right of note issue; but any machinery for governmental inspection and control such as has been established in the United States for the national banks through the Comptroller of the Currency and for the State banks under the State banking commissions is utterly unknown in Great Britain. There was recently proposed in Parliament a bill governing consolidation of banks and containing certain provisions against interlocking directorates, but this bill has not become law as yet; if it does it will be the first effort at establishing control from without on the activities of banks.

Administrative Policy of the “Big Five.”

“The Big Five” banks control about 70 per cent. of the banking business of the United Kingdom, and have 5,645 branches in London and throughout the provinces. These banks may establish branches wherever they wish and may consolidate with other banks without any governmental permission whatsoever. In establishing branches in foreign countries they are subject only to the laws and restrictions of those foreign countries. In a word, banking consolidation and ramifications of any kind are absolutely free in Great Britain. Such restrictions as have been established on new capital issues and gold exports have been presumably war measures and are expected to be removed as soon as the country reaches a peace footing.

“The Big Five” joint-stock banks have their own system of inspection and examination, sending men to visit the branches at least every eighteen months and occasionally more often, and the branches are very thoroughly controlled from the head office. No loans are placed in the provinces or in any of the branch banks in London itself without the approval of the head office. No exchange business is done except from the main office or through the authority of the main office. There is a complete record in the main office of the branch clients' accounts, and while the local manager is expected to make recommendations, and does so with success because of his intimate contact with the business interests in his district, all the accounts of every branch bank are under the scrutiny of officials in the head office.

BRITAIN OWES CANADA

To carry the country's great burden the Government must do things that were never done before by a democratic country. We began this war thinking Britain must pay our bills. At the present time Britain owes the Canadian Government \$300,000,000 and the Canadian banks \$200,000,000, and cannot now pay for things in cash. “We sometimes say that England must pay, but we must remember that we are pillars of the British Empire.” Some people wondered whether the debts of the Canadian Government would ever be paid. The growth of this country would before long make the burden of debt look very different from its present appearance. Others wondered if the credit of Great Britain was secure. “Make no mistake about it; the centre of the financial world in a very few years will again be England. We should all bend our energies to give credit to Great Britain. At the moment the British lion is wounded and tired. When she is once rested she will arise and be what she was in the past. If I had all the money to be had in the world, I would cheerfully put it in the bonds of Canada or England.”—Sir Edmund Walker.