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## BANKING POLICY.

Opponents of the action of Hon. W. T. White, Minister of Finance, are still busy denouncing his forbidding the banks in regard to the proposed amalgamation between the Royal Bank and the Bank of Hamilton. Their agitation is not likely to produce any very widely spread public response. Neither can their arguments be regarded as particularly convincing. It is not impressive to be told that no instance is on record of the British Government forbidding a banking amalgamation in Scotland, from the banking system of which country the main lines of our system were originally drawn. To be of any use at all, the adoption of Scottish banking principles had to be a free adoption. A slavish imitation would have been merely ridiculous and useless. Free adoption means the right to create new precedents according to circumstances and provided that these precedents do not prejudice fundamental principles upon which the soundness of the banking system depends they certainly cannot be regarded as dangerous innovations. On the contrary, they may quite legitimately be held to be a sign of life, growth and progress and a proof of the ability of fundamental principles to be applied to circumstances other than those of their parent country. It is interesting, no doubt, to have presented a long list of the absorptions made by some of the leading English banks, but these lists prove nothing to the present point. They merely show that leading English banks have very naturally absorbed a large number of small private and local banks in exactly the same fashion that the leading Canadian banks have absorbed smaller institutions. In point of fact, there have only been in recent years two or three amalgamations of English banks occupying in the English banking system positions of importance relatively similar to those of the Royal and the Hamilton in the Canadian system. But the fact that these amalgamations were not forbidden has little bearing on present circumstances in Canada.

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Further points made by Mr. White's critics have as little force as those already mentioned.

The growth in the number of bank branches in the last ten years is ingeniously put forward to prove that a contraction in the number of banks does not mean a contraction in the number of branches. It certainly has not in the last ten years, but the critics surely do not hold that the contraction in the number of banks has been mainly responsible for the growth in branches during that period. Yet that is what their argument comes to. The critics make much of the further point that Mr. White's decision restricts shareholders from selling their property so long as that property is saleable. The point is more theoretical than practical. It is not to be supposed that Mr. White or any future Minister of Finance would wilfully forbid an amalgamation of this kind if it could be shown to him that unless permission were at once granted the shareholders of the bank to be absorbed would be in danger of incurring heavy losses. So far as there is any restriction upon the liberty of bank shareholders in this connection at all, shareholders have no reason to complain of it, always supposing that the Bank Act is reasonably and intelligently administered. They must and undoubtedly do recognise that the banks are in the position of semi-public institutions and that occupying that position the shareholders assume a certain measure of responsibility from which in other undertakings they would be free. Neither the bankers nor bank shareholders generally are, we believe, inclined to quarrel with this fact.

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It appears that the bankers generally do not regret Mr. White's decision in the present instance. They are aware that if this amalgamation had been carried through here would have been another outburst of public prejudice against the banks. Regrettable as this prejudice is, there is no use in blinking the fact of its existence and it is merely a matter of common diplomacy on the part of the banks not to raise it unnecessarily. It does not appear that the interests of any of the parties to the proposed arrangement have been vitally damaged by Mr. White's decision, and it is certain that the soundness of the Canadian banking system has not been affected by it.