THE PLACE OF THE BANKS IN CANADIAN HISTORY

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III.

In the years following 1837 the political supremacy of the Family Compact disappeared, and the era of responsible government dawned. In this new period the banks came to play a much less conspicuous place in political history. They ceased to be identified with political parties, and they devoted themselves to their proper commercial functions. This does not mean, however, that they have not at times exerted a profound influence on the course of government. Consider, for example, their influence on the currency legislation of the country. At repeated intervals in Canadian history the government has dallied with the idea of arrogating to itself the monopoly of the issue of bank notes. Lord Sydenham in 1841, Sir Alexander Gaft in 1859, and Sir Leonard Tilley in 1880 all proposed, in language which has often been heard, that the government should resume the function of note-issue which, it was said, it had delegated to others. Of course, there is nothing to prevent any government from taking over the business of banking, just as there is nothing to prevent it from taking over the business of making boots and shoes; though it should be observed that socialism in the making of boots and shoes would probably be far less disastrous than socialism in banking. But that the government has any inherent right or prerogative in regard to the issuing of notes is a fallacy. It is a fallacy which results from a confusion of thought between the minting of money, which is a very proper and necessary function of government, and the issuing of notes, which are not, properly speaking, money at all, but merely promises to pay, like cheques and drafts. A government has no more right to a monopoly of the issue of bank-notes than it has to a monopoly of the issue of cheques and drafts, or any other kind of commercial paper; and the banks of Canada, by fighting every such proposal, have contributed very much to the soundness of Canadian currency legislation. They have not won a victory all along the line, for the Canadian government has succeeded in arrogating to itself the issue of the smaller denominations of notes; but they have helped to prevent a complete monopoly.

Another way in which the influence of the banks made itself felt was in the adoption, prior to Confederation, of the decimal currency in preference to pounds, shillings, and pence. For many years the standard money of account in British North America had been what was known as the Halifax currency or in Upper Canada the York currency. This was a currency in pounds, shillings, and pence which did not correspond with any existing coinage. It was merely a money of account, and every one of the numerous and various coins which passed current—English sopereigns, American dollars, French crowns, Spanish "pieces of eight," and so forth—had to be translated into it. Before Confederation the banks all over British North America agreed to do business in dollars and cents, and in this way they helped to compel the various colonial governments to adopt a decimal currency. In this development was seen one of the subtle influences at work which helped to bring about the union of British North America in 1867.

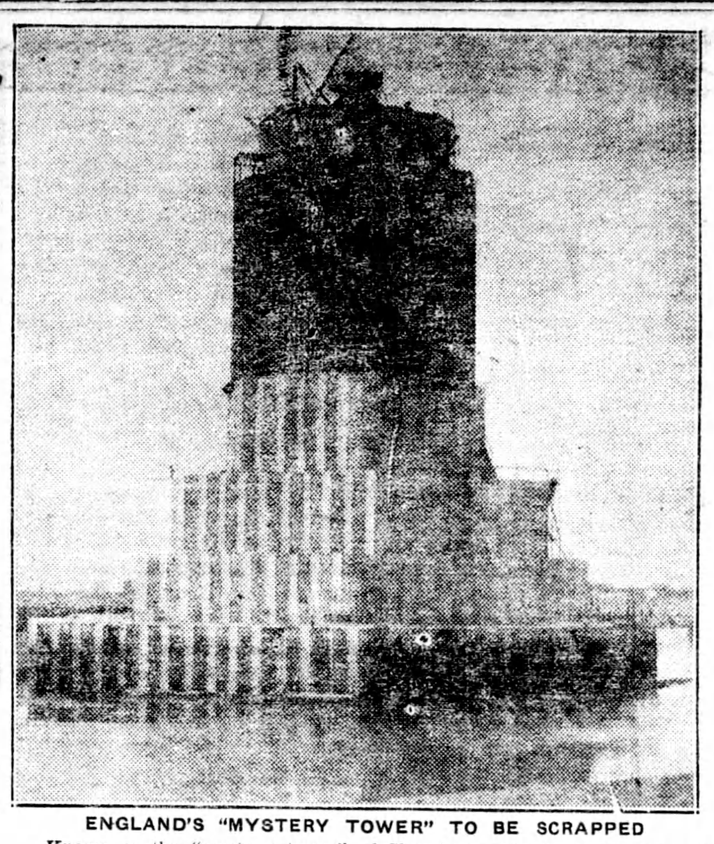
The most striking exemplification, however, of the part which the banks have played in Canadian history is to be found in the period of the Great War. It is not too much to say that, if it had not been for the co-operation of the banks with the Canadian government, the situation in Canada at the outbreak of the war would have been of the most critical nature. By the morning of that fateful Monday, August 3, 1914, there had begun, as you may remember, "runs" on the gold of banks all over Canada. Sir Thomas White, in a most interesting and important pamphlet which he published about a year ago, entitled "The Story of Canada's War Finance," tells of a case which occurred in Toronto. He says:—

"One case was reported to me from a Toronto bank. One of its best customers, a prominent citizen of Toronto, who had a deposit of over a quarter of a million dollars, called upon the general manager and informed him that he felt he must, in justice to himself and his family, withdraw the full amount in gold, as he believed there would be a financial panic in which the banks would have to close their doors. . . . The man insisted, and received his gold, which he locked up in his safe deposit vault."

In order to avert the calamity which was impending, a conference was held at Ottawa between the minister of finance, Sir Thomas White, and the leading members of the Canadian Bankers Association—just as, about the same time, a conference was being held in London between the Chancellor of the Exchequer, Mr. Lloyd George, and the leading financial experts of Great Britain. Both conferences met in an atmosphere of panic. The Canadian bankers, says Sir Thomas White, "were quite disturbed at the spread of the financial panic throughout Canada and the runs which were taking place throughout the Dominion and of which they were continually hearing word. They had numerous," he says, "and by no means unanimous suggestions to make as to what should be done." My friend Professor Fay tells me—on the authority, I understand, of Mr. J. M. Keynes, the author of "The Economic Consequences of the Peace"—that similar consternation prevailed at first at the conference in London, some people proposing one thing, some another, and some throwing up their hands and saying there was nothing that could be done, until it was suddenly observed that the Governor of the Bank of England had fallen asleep at the head of the table and was gently snoring. This spectacle had the effect of immediately restoring confidence; if the Governor of the Bank of England could go to sleep on such an occasion, then obviously things could not be as black as they were painted. The conference pulled itself together, suggestions were exchanged, and finally the measures were agreed upon which enabled Great Britain to survive the crisis. History does not record that any of the leading members of the Canadian Bankers Association fell asleep on that August afternoon in Ottawa in 1914; but there too, after the first confusion of counsel, measures were finally agreed upon. Chief of these measures was the making of bank-notes legal tender, so that the banks could pay out notes instead of gold. These measures were embodied in an order-in-council issued that evening and published broadcast in the newspapers the following morning, August 4, the day on which war was declared. Now it is a remarkable fact that all the measures adopted were directly contrary to law. The order-in-council was legally of no validity. If anyone had thought of questioning it, neither the government nor the banks would have had a leg to stand on—at any rate, until parliament met and passed ratifying legislation. But the co-operation of the banks and the government so impressed the public that, as a matter of fact, the order-in-council was not questioned. The run on the banks came to an end, and the situation was saved.

Another way in which the banks co-operated with the government during the war was in regard to the floating of the Victory Loan. Probably no banking system in the world was better adapted to serve as a medium for the handling of subscriptions to a government loan than the Canadian, with its wide-spread system of branch banks. The success of the Victory Loans was one of the most phenomenal things in connection with the whole of Canada's war effort. Before the war a loan of fifty millions had been regarded as a very large loan even for the government to attempt to float. The three Victory Loans by themselves netted a total of 1,700 millions, something that no one had ever dreamed would be possible. In the floating of these loans the banks played a vital part, and for their success they deserve their fair share of the credit.

Finally, in the period of reconstruction and re-adjustment through which we have been, and are still, passing, the banks in Canada have been a steadying influence, to an extent which perhaps the general public does not always realize.



ENGLAND'S "MYSTERY TOWER" TO BE SCRAPPED

Known as the "mystery tower" of Shoreham, this huge structure was built during the war at a cost of over $5,000,000, but was never used. It is now to be scrapped. Its purpose has given rise to much speculation, but is a closely guarded secret of the British Admiralty. Its destruction will leave for salvage only a few steel girders.

Canadian Science Asks Questions.

Among the important investigations, over thirty in number, which have been or are now being carried out by the Council for Scientific and Industrial Research at Ottawa are fog signalling; materials for insulation of high voltage electric currents, vanadium ores, vitamines, the bacterial content of cream and butter, more efficient methods of domestic heating, utilization of fish waste, the separation and liquefaction of the rare gas helium, fox breeding, the prevention of dust in wheat and the production of industrial alcohol from wood waste and sulphite liquor waste.

Ship Conveying Gifts Resembles Noah's Ark

A despatch from London says: The steamship Oevim is tied up at the Royal Albert Docks with a few choice presents given to the Prince of Wales during his tour of India. They include an elephant, a rhinoceros, a leopard cat, a Himalayan bear, a sambur deer, sheep, foxes and leopards. The collection is being removed to the zoo with other similar testimonials of friendship still to come.

Her Majesty to Place Wreaths in War Cemeteries.

A despatch from London says: Queen Mary is planning to place a massive wreath in each of the British military cemeteries in Flanders and France in behalf of the women of England when she and the King visit the King and Queen of the Belgians early next month.

The two royal couples plan an extensive tour of the battle grounds because of the long cherished desire of Queen Mary to go personally to the sacred shrines. She is particularly anxious to visit Ypres, Arras, the Somme, Bethune and Armentieres. The visit is in return for the visit the King and Queen of the Belgians made here last year. King George and the Queen will be gone a week.

Two Royal Yachts Taken Over by Lascelles

A despatch from London says: Viscount Lascelles is reported to be planning to take over the royal yacht Alexandra which is being disposed of as a measure of national economy. It is expected he will also commission the racer Britannia, which for years has been the King's pride during the yachting season, but which he has decided not to sail this year because of the expense.

WHERE TURKEY AND EUROPE NOW MEET

The heavy black line shows the zone around the Dardanelles which would be demilitarized under the terms modifying the Sevres treaty with Turkey, now proposed by the Allied Foreign Ministers. Greece would keep Adrianople and the Allies would hold the Gallipoli Peninsula on the internationalized straits. Turkey would regain part of Thrace and would hold Constantinople, which would be defortified, and would also regain Asia Minor, including Smyrna, now held by Greece.

PROBLEMS DISCUSSED BY 690 DELEGATES AT GENOA CONFERENCE

Thirty-three nations represented by 690 delegates, experts and advisers, have gathered at Genoa to discuss these points:

Solution of the Russian problem by recognition of the Soviet Government or some other plan. This will follow the principles outlined at Cannes by the Supreme Council's resolution which made the present conference possible.

European peace, with the closely related question of limitation of land armaments and inviolability of frontiers.

Financial problems arising from the inability of Germany to pay the reparations demanded and the interallied indebtedness. This will include consideration of the financial standing of Russia and the states created by the Versailles Treaty.

General economic questions, such as customs barriers, transportation and the rights of private property and industry.

The complete list of the countries taking part in these discussions, together with the size of their delegations, follows:

Albania	4	Ireland	6
Australia	14	Italy	6
Austria	6	Jugo-Slavia	12
Belgium	14	Letvia	6
Bulgaria	15	Lithuania	7
Canada	30	Luxemburg	4
Czecho-Slovakia	30	New Zealand	16
Denmark	10	Norway	8
Esthonia	25	Poland	40
Finland	7	Portugal	9
France	80	Roumania	22
Germany	80	Russia	12
Great Britain	128	San Marino	16
Greece	22	South Africa	4
Holland	16	Spain	16
Hungary	7	Sweden	10
		Switzerland	8

JAPAN WELCOMES THE PRINCE OF WALES

Thousands Greet H. R. H. When He Lands at Yokohama.

A despatch from Yokohama says:—The Prince of Wales arrived here Wednesday for his official visit to Japan. Thousands greeted him as he landed from the British battle cruiser Renown, which brought him from India.

His reception was carried out according to the program, to the minutest detail, as is the Japanese custom. Yokohama's welcome was not noisy, as the children who lined the streets are disciplined to silence, but the picture they made with their thousands of waving flags in the brilliant sunshine could scarcely be paralleled.

The Renown was escorted in from sea by the Japanese light cruiser division, and in the bay six battleships, including the famous Mutsu, joined the escort. As the vessels entered the harbor there was a roar of guns and a shrieking of sirens. Every class of society was represented in the crowds on the wharves.

The Prince was conveyed from Yokohama to Tokio in a special train, three coaches of which were especially built for his visit. On arrival there he was driven in an open carriage, escorted by cavalry, to the Imperial Palace, where he was received by the Empress. Later he went to the Akasaka Palace, where he will reside while in Tokio.

Crowds greeted the royal visitor at the railway station and cheered him along the route to the palace, over which triumphal arches had been erected.

Except for the priceless objects of art, the Prince found little in the heretofore unoccupied Akasaka Palace to remind him that he was in the centre of Tokio. His apartments are like a modern hotel suite, and the fittings include even a barber's chair of American make, especially installed.

The Akasaka Palace adjoins the Asyama Palace, which was at one time the residence of Prince Hirohito, now the Regent. The grounds about the two palaces are most beautiful and at this time of the year present a profusion of cherry blossoms.

Weekly Market Report

Toronto.

Manitoba wheat—No. 1 Northern, $1.51½.

Manitoba oats—No. 2 CW, 60¼c; extra No. 1 feed, 56¼c; No. 1 feed, 56¾c.

Manitoba barley—Nominal.

All the above track, Bay ports.

American corn—No. 2 yellow, 75½c; No. 3 yellow, 74¼c, all rail.

Barley—No. 3 extra, test 47 lbs. or better, 63 to 65c, according to freights outside; feed barley, 60c.

Buckwheat—No. 3, 98c to $1.02.

Rye—No. 2, 95c to $1.

Millfeed—Del. Montreal freight, bags included: Bran, per ton, $28 to $30; shorts, per ton, $30 to $32; good feed flour, $1.70 to $1.80.

Baled hay—Track, Toronto, per ton, extra No. 2, $22 to $23; mixed, $18 to $19; clover, $14 to $18.

Straw—Car lots, per ton, track, Toronto, $12 to $13.

Ontario wheat—No. 1 commercial, $1.36 to $1.43, outside.

Ontario No. 3 oats, 40 to 45c, outside.

Ontario corn—53 to 60c, outside.

Ontario flour—1st pats., in cotton sacks, 98's, $8.20 per bbl.; 2nd pats. (bakers), $7.20. Straights, in bulk, seaboard, $6.40.

Manitoba flour—1st pats., in cotton sacks, $8.70 per bbl.; 2nd pats., $8.20.

Cheese—New, large, 20 to 20½c; twins, 20½ to 21c; triplets, 21 to 21½c. Fodder cheese, large, 18½c. Old, large, 25 to 26c; twins, 25½ to 26½c; triplets, 26 to 27c; Stiltons, new, 24 to 25c.

Butter—Fresh dairy, choice, 26 to 30c; creamery, prints, fresh, finest, 44 to 46c; No. 1, 43 to 44c; No. 2, 40 to 41c; cooking, 22 to 25c.

Dressed poultry—Spring chickens, 30 to 35c; roosters, 20 to 25c; fowl, 24 to 30c; ducks, 35c; turkeys, 45 to 50c; geese, 25c.

Live poultry—Spring chickens, 22 to 28c; roosters, 17 to 20c; fowl, 24 to 30c; ducks, 38c; turkeys, 45 to 50c; geese, 20c.

Margarine—20 to 22c.

Eggs—New laid, candled, 32c; new laid, in cartons, 35c.

Beans—Can. hand-picked, bushel, $4.40; primes, $3.85 to $4.

Maple products—Syrup, per imp. gal., $2.25; per 5 imp gals., $2.15; Maple sugar, lb., 18c.

Honey—60-30-lb. tins, 14½ to 15c per lb.; 5-2½-lb. tins, 17 to 18c per lb.; Ontario comb honey, per doz., $5.50.

Potatoes—Ontario, 90-lb. bag, $1.35; Quebec, $1.50. Seed potatoes, Irish Cobblers, $1.75 a bag.

Smoked meats—Hams, med., 32 to 34c; cooked ham, 47 to 50c; smoked rolls, 26 to 28c; cottage rolls, 30 to 32c; breakfast bacon, 29 to 33c; special brand breakfast bacon, 37 to 40c; backs, boneless, 36 to 41c.

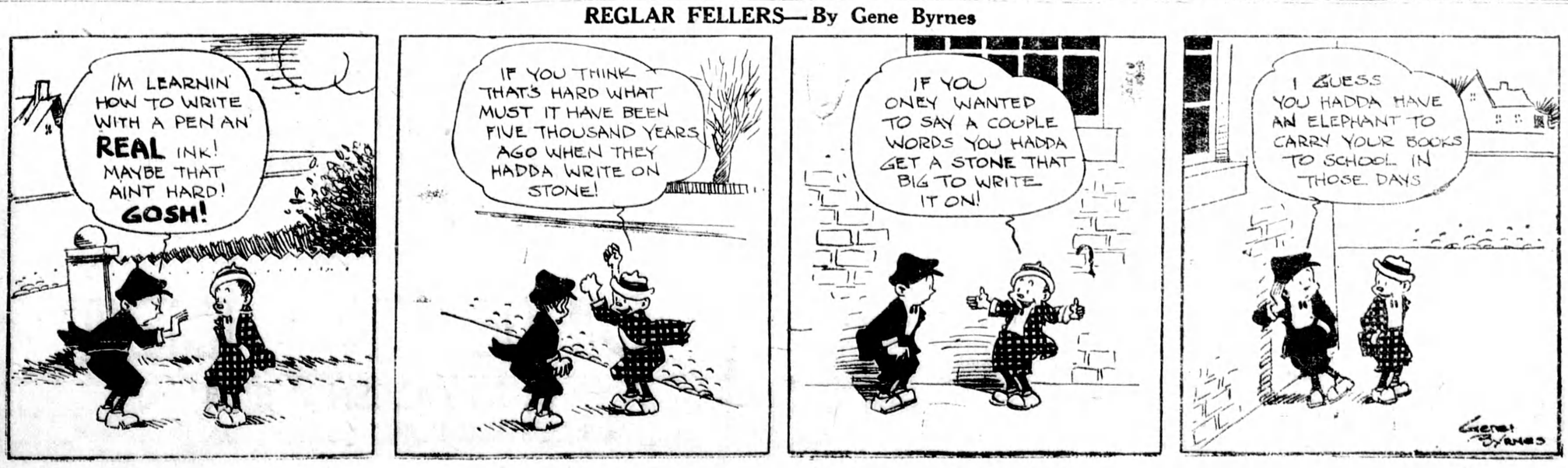
Cured meats—Long clear bacon, $17.50 to $19; clear bellies, $18.50 to $20.50; lightweight rolls, $47; heavyweight rolls, $41.

Lard—Pure, tierces, 16½ to 17c; tubs, 17 to 17½c; pails, 17½ to 18c; prints, 18 to 19c. Shortening, tierces, 15 to 15½c; tubs, 15½ to 16c; pails, 16 to 16½c; prints, 17½ to 18c.

Butcher steers, choice, $7.50 to $8.25; do, good, $7 to $7.50; do, med., $6.50 to $7; do, com., $5.25 to $6; butcher heifers, choice, $7 to $7.75; do, med., $6.25 to $6.75; do, com., $5 to $6; butcher cows, choice, $5.50 to $6.25; do, med., $3.50 to $5; canners and cutters, $1 to $2; butcher bulls, good, $4.50 to $5.50; do, com., $3 to $4; feeders, good, $6.50 to $7; do, fair, $5.50 to $6; stockers, good, $6 to $6.50; do, fair, $5 to $5.50; milkers, $30 to $75; springers, $40 to $80; calves, choice, $10 to $12.50; do, med., $7 to $8.50; do, com., $4 to $5; lambs, choice, $14 to $15; do, com., $6 to $7; spring lambs, $11 to $14; sheep, choice, $9 to $10; do, good, $6 to $7; do, com., $3 to $5; hogs, fed and watered, $14; do, f.o.b., $13.25; do, country points, $13.

Montreal.

Oats—Can. West. No. 2, 63c; No. 3, 59c. Flour—Man. spring wheat pats., firsts, $8.50. Rolled oats—Bags, 90 lbs., $3. Bran, $32.50. Shorts, $33. Hay—No. 2, per ton, car lots, $29 to $30.

Cheese—Finest westerns, 16½ to 16¾c. Butter—Choicest creamery, 40 to 41c. Eggs—Selected, 34c. Potatoes—Per bag, car lots, 80 to 85c.

REGLAR FELLERS—By Gene Byrnes