

BANKING.

JOSEPH FISHER COMMERCE LECTURE.

On Friday evening, at the Prince of Wales Theatre, University, Mr. J. Russell French delivered the Joseph Fisher commerce lecture to University students. His subject was "Banking as a factor in the development of trade and commerce." The chair was occupied by Mr. J. R. Fowler, M.A., and there was a large attendance of students and others. The Chairman apologised for the unavoidable absence of the Chancellor. He said the name of Mr. Russell French was a household word in the commercial activities of the Commonwealth. He introduced Mr. French, who was accorded a hearty reception.

Mr. French said he had come from Sydney to deliver the lecture, and he hoped his remarks would be of interest to the University students who were taking the commercial course. He thought it was open to him as a banker to give them some information on the present day banking principles. He took up the position as lecturer to the Adelaide University with a good deal of diffidence, because he understood the grave importance of his mission. His subject was banking in its relation to trade and commerce. They were both opposite subjects, but they were nevertheless intimately associated. He supposed they would expect a definition between banking and trade and commerce. In its modern conception a bank was an organisation having usually a definite status from a Parliament of its domicile. It was governed by shareholders, who contributed a joint stock or capital. It was generally considered that the capital represented a proposition of the bank's liability. If it traded on its own capital, however, it would not be a banking institution, but a loan company. It was recognised that the custom of issuing notes was a regular function of its business. Thus it was noted that a bank was an institution of exchange and deposit. In English-speaking countries banks were forbidden to trade as they were now constituted. They would see that that was so in regard to the Bank of England. The reason was that bankers' resources were largely derived from the public, it was therefore thought that they should not embark in trade and thereby open themselves to risk. A banker was always supposed to have the buffer of the trader and capital between him and financial risk. In its scientific aspect banking was a branch of the science of economics. As now developed banking had taken its place among the highly organised parts of the machinery by which the great trade of the world was carried on. In its narrow sense, commerce was the interchange between one country and another, and one individual and another. It was worth while devoting a little time to banking history. If they studied the commercial history of England and her dependencies they would find that banking did not make its appearance in the nation's history till a comparatively recent date. No one but a student would recognise how small the trade and commerce of England was until the last two hundred years. It was nevertheless greatly assisted by the storage of sums of money and the putting of it into trust so that it could be utilised in the extension of trade. The essence of banking was to gather up the dormant resources of the country and keep them to develop the country's trade. Before the English people took it up there had been a good deal of banking going on by the various Italian States. One writer of banking said Italy was the home of banking. Knowing what they did of Venice, they must expect to find the origin of banking in that State. The Italian banks in the early days were granted certain privileges by the State to carry on their business, to develop the trade of the various States. There was great commercial activity in the trade of the Italian States, and the presence of banks tended to induce and support that trade. Amongst the earlier banks preceding the Bank of England was the Bank of Amsterdam. It came to the assistance of Holland and issued notes, for which it received certain privileges. These early banks were, however, very small concerns when compared with modern ones. In the early English days those having valuables had to apply to the goldsmiths to take custody of their valuables. Very rarely the goldsmiths gave interest, and their operations were of a refined nature. McLeod, in his history of banking in England, said banking emanated from the rapacity of kings. Trade followed the flag, and the banker followed the trader. The first effort to reduce banking in England to a science was the establishment of the Bank of England, the mother of them all. That corporation was not allowed to engage in trade of any kind, but was allowed to deal in bills of

exchange. It was also permitted to buy gold or silver bullion and to advance money on merchandise and securities. Banking was not allowed to be exposed to the risks of trade. The liberty to purchase gold or silver was to some extent an inheritance from the goldsmiths. The speaker referred to the Bank of England's association with the historic South Sea bubble, but pointed out that it withdrew in time to prevent them burning their fingers. At the present time the bank of England was the bankers' bank, because it held the preserves of all the other banks. It practically controlled the note circulation in England. The whole banking system of England depended on the bank of England. It was on account of its note issue and the control of the other bank balances that it was compelled to keep a great amount of coin on hand. The operations of the Bank of England therefore had a great influence on the channel of trade. Scotland was a particularly interesting country from a banking point of view, for the Australian system practically emanated from that country. Scotch banks aimed at gathering together the floating resources of the country by means of branches in all parts of the land. Their cash credit system was admirably adapted to cheapen the capital to the borrower for he paid interest only on the capital he used from day to day. That was distinct from the English system. They also discounted bills and performed the other obligations open to bankers. It was not too much to say that the ship building and woollen industries of Glasgow owed their present proportions to the judicious supply of capital offered by the banks. Ireland was not up to the standard of English and Scottish banks, but it had supplied some able bankers, and it was evident that the great shipbuilding and manufacturing enterprises of that country were due in a great measure to the banking facilities. Many of the ramifications of trade in Canada were due to the banking facilities offered in that country. The banks of South Africa were worked on the same lines practically as the Australian banks. The United States followed along the lines of English procedure. A study of Australian history showed what an important factor banking was in the life of any country. In the early days banking facilities were thought desirable in New South Wales to further the scope of trade. In 1816 a meeting was held by direction of the Governor to establish a bank with a capital of £20,000 to assist colonial traders and colonists. That was the foundation of Australian banking. The promoters also had in view the improvement in the currency, inasmuch as doing away with the Spanish dollar and other forms of foreign coinage. In New South Wales at that time there was a system of currency. The institution which helped materially to improve the system of banking and currency was the Bank of New South Wales. In 1819 the transactions of that bank were comparatively small, but it was significant that the tone of trade and commerce generally was improved by its advent. The gold discoveries in Australia were a stimulus to banking in Australia, and the deposits of the banks increased by leaps and bounds, and their note circulation increased to a large extent. The banks in those times took great risks in the buying of gold, for the premises in which the transactions were conducted were mostly tents and other flimsy buildings. The banks had kept pace with the growth of commerce. The lecturer went on to explain the various phases of Australian banking, and pointed out the development in trade which had been made possible by the modern system of exchange.

At the instance of Mr. J. Shie's, manager of the Bank of Adelaide, and Mr. E. W. van Senden, of Dalgety & Co., the lecturer was heartily thanked for his able address.

On Friday Mr. T. A. Caterer, B.A., completed a quarter of a century's service as assistant master at St. Peter's College. He was born at Woodville in May, 1860, and has the honor of being the first graduate of the Adelaide University, his degree being conferred about 1880. His connection with the University did not end there, however, as for the past 21 years he has acted as clerk to the Senate. His appointment as an assistant master at St. Peter's College was made on April 29, 1885, when the Rev. Francis Williams, M.A., was headmaster. Later Mr. Caterer served under the Rev. P. E. Raynor, M.A., and then under the present headmaster, the Rev. Henry Girdlestone, M.A. For nearly 17 years he has been senior house master and house bursar, and has had the general supervision of the boarding-house. Throughout his connection with the college, Mr. Caterer has proved himself a true guide, philosopher, and friend to the students, and has entered enthusiastically into all efforts to improve their games and stimulate healthy rivalry in athletic exercises. For over 20 years he has acted as chairman of the sports committee. Not alone to school matters has Mr. Caterer confined his attentions, for he has at all times manifested a live interest in external societies for promoting knowledge and pleasure alike. He is a member of the Royal Agricultural Society, and is chairman of a sub-committee; he is president of the South Australian Poultry and Kennel Club, and for the last twelve months he has been president of the South Australian Carnation Society. At carnation shows he is a prominent competitor, and holds more than one trophy as an earnest of his successes. At the school muster on Friday at St. Peter's College he was warmly congratulated by the headmaster (Rev. Henry Girdlestone), who thanked him on behalf of the school for all he had done on its behalf. Mr. Caterer later took the opportunity of handing over to the trustees the sum of £488 6/6, the proceeds of the School Mission Fete, held last Saturday which he is treasurer. Many letters and telegrams of congratulation from old boys have been sent to Mr. Caterer, and at a meeting of the ground and finance committee of the South Australian Cricketing Association Sir Edwin Smith and others alluded to his good qualities both as a teacher and a man. The council of the board of governors of the college have acknowledged their indebtedness to him for his services by a presentation and a letter of congratulation upon the completion of 25 years' strenuous work as a member of the school staff. Their letter concludes:—"The council desires to express its very great appreciation of your loyal, devoted, and valuable services, both in and out of school hours, and of your keen interest at all times in everything that tends to the welfare of the boys and the institution."