

Our village in the city



vil-lage (vil-ij)
—noun

a small community or group of houses in a rural area, larger than a hamlet and usually smaller than a town



Letter from N America



Lloyds, the putative saviour of the venerable Bank of Scotland, was nationalised while in the US, shares in Citibank fell to a dollar – even after a mind-boggling sum of government money had been pumped in. The bailouts of Citibank, AIG, GeneralMotors and other gigantic American financial/industrial institutions

amount to a massive programme of nationalisation that makes Roosevelt's 'socialist' New Deal look like a benign incentive programme.

A good many Americans will pretend that unfettered free-enterprise does not amount to government ownership; does not give government an unholy right to set up rules and regulations to make sure things like this don't happen again. Meanwhile America's banks continue to fail.

You know all about this in Edinburgh, where Scotland's hitherto internationally respected banking industry has taken such body blows. In Canada though, the banks are still making profits. In late February 2009 the

Royal Bank of Canada announced a profit of just over \$1 billion for the previous quarter. In the first week of March the Bank of Montreal announced a profit of \$800 million and the Bank of Nova Scotia one of \$250 million. True, the headlines accompanying these disclosures were doom and gloom. "Bank Profits Down". And they were down, but they were still profits, not losses. And they were still enormous. We have forgotten how recently it was that these same banks announced the first billion dollar profits for the year, not just for a quarter.

Canada's federal politicians and the country's senior bankers are preening themselves

\$1 billion: Bank of Canada's profit for last quarter

Being, go the rest of us as well.

Back in 2003 or so, Canada's half dozen major banks mounted an aggressive campaign in support of amalgamation, nationally, among themselves, and internationally

over this, pointing out how wise and prudent they have been while the rest of the world was losing its collective financial head. But, like most of the population, they have short memories – because there, but for the grace of the Supreme

(much as the RBS did) with banks in other countries. If they could not amalgamate they would not be able to compete in the 'new' global economy, they claimed. Paul Martin, Canada's Minister of Finance at the time, was clearly wobbling, apparently inclined to agree with the banks. The Canadian public, outraged at the size of the profits the banks were already making, let their views be heard in newspapers and on phone-in programmes.

There was almost universal anger at the idea that competition in the financial sector would be further reduced, that consumers would wind up paying even more for a diminishing menu of banking services. The Bank of

Canada, under the guidance of Governor David Dodge, stood firm. There would be no amalgamations at this time.

Canada's banks continued to show increasing profit levels through most of the last decade. They are still afloat, and, compared to just about everyone else's banks pretty sound. None of them has been blighted with the amount of toxic debt of the big American or British banks, none of them has had to ask for a penny of government money, and none of them are talking any longer about amalgamating.

Michael Elcock (originally from Forres, now lives in British Columbia).