

system with its 7,473 independent banks, none of which possesses a single branch, formed under the National Banking Act.

The report continues: "The successful introduction of the branch system would almost necessarily have meant the abandonment of the idea of free banking. While it would not necessarily have been requisite to abandon free banking in theory, in order to introduce the Canadian principle, it would have been practically true that the power of establishing branch banks, if widely exercised by large national institutions, would have entailed the contracting of the number of independent banks in the United States and a corresponding limitation of the perfect freedom of competition which exists to-day.

"Certainly it would not have been possible to introduce the principles of the Canadian system into American banking without a very extensive and vital modification of banking legislation and conditions in the United States. That the country was prepared for so profound a modification, not to say transformation of the basic ideas upon which the national banking system has been developed, the committee did not believe and it was therefore led to the abandonment of all thought of attempting a plan of banking reform based upon the conception of large privately managed institutions operating unrestrictedly and with great numbers of branches.

"This conclusion did not, of course, imply any belief that the adoption of other features of the Canadian system which seemed applicable and could be easily grafted upon our own system was undesirable. It was a conclusion relating simply to one of the general ideas underlying the structure of Canadian banking."

Professor Johnson has no great admiration for the proposed currency bill of the United States. To *The Monetary Times* he said: "The bill is akin to a man in a vehicle, representing the federal currency board holding the reins of twelve horses but each with a jockey, representing the proposed twelve local boards. All the jockeys will be pulling a different way against the chief driver or the federal board, with what result one can imagine."

While speaking of branch banks, it is interesting to note the statement of Mr. H. V. Meredith, vice-president of the Bank of Montreal, who has just returned from a trip through western Canada, that he did not think there was any complaint on the score of banking accommodation in the west, especially when one sees six or seven branch banks in a place of three thousand people. Every sensible man in the cities of the west, he thought, would be grateful to the banks for the manner in which they had handled the situation during the past few months.

BONDS OVER THE COUNTER

A number of cities and towns have tried the experiment of selling their debentures "over the counter" or to local investors. This has been done on account of the money stringency. Bond brokers, in view of market conditions, have offered low prices for debentures, and their figures in many instances have been far from acceptable to municipal authorities. In the case of some of the smaller municipalities, no bids whatever have been received for bond offerings. So, as stated, an appeal for funds has been made to the local citizens. It has been generally unsuccessful.

The suggestion was made the other day that Calgary should sell city debentures locally. Mayor Sinnott, wisely, is opposed to the scheme on the ground that it would cost too much, that it would be more trouble than the results would justify, and that the amount realized would not warrant the experiment. "It might cost," he said, "as much as 10 per cent., and I do not see how it could be done for less than 7 per cent. Then the amount obtained would not be large. Even \$100,000 would not be of very much use, and it is very doubtful if that much

could be secured." The mayor of Calgary does not think, and *The Monetary Times* is inclined to agree, that there are a great number of small would-be investors in the city, people with a \$100 or more who would be anxious to invest that amount in some place where more interest than a bank gives would be paid.

The experiment is being tried in Vancouver. That city is selling an issue of \$153,000 local improvement bonds at 90, bearing 4½ per cent. interest, payable half-yearly, maturing in June, 1923. About \$40,000 worth of the issue has been sold. Even if the entire issue is sold, it will be but a small proportion of the city's requirements.

The city of Chatham last month was arranging to sell about \$40,000 local improvement debentures to Chatham investors. In May and June Kingsville, Ont., sold to local parties \$10,000 5 per cent. ten-year bonds for \$5,985 and accrued interest and \$4,906.31 of similar bonds for \$4,702.71 and accrued interest, or at the rate of 95.85 for the two issues. This was a good price, but the amount sold was small. Guelph, Edmonton, and other cities have discussed similar schemes, but either were discouraged with preliminary enquiries or by the first results of the experiment.

It is natural that municipalities should endeavor to sell their debentures in this way, but it is questionable whether the credit of the towns adopting the principle is helped. The hawking of bonds in small lots is, we think, unwise. There is another important consideration—every ten thousand dollars borrowed by a city locally is ten thousand dollars (or the market equivalent) less in Canada, as compared with the advance of the money by British or other investors.

SMALL CHANGE

Western Canada has the crop smile that won't come off.

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The 1913 crop of Canadian prospectuses is the thinnest in many years.

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The Barcelona stock rise mystery is as hard to crack as the Brazilian nut.

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Why not put on a Toronto city council meeting in the exhibition midway?

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Hon. the Minister of Justice gave an excellent exhibition of red tape cutting.

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The morals of the life insurance policy loan depend on the reasons for borrowing.

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As a correspondent suggests, the best small change comes from the Sudbury nickel mines.

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What about William Jennings Bryan and Colonel Sam Hughes on a vaudeville circuit?

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To date, Minnie Apolis has not tried to snatch the grain market laurels from Winnie Peg.

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London cable tells of a big loan to Turkey. It will be repaid in Canada on Thanksgiving Day.

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Canada will bulk large at the Panama Exhibition in 1915, leaving the Canal question to take care of itself.

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After all these investigations by British, United States and other financial experts Canada will probably be declared sane.