

in that work says these loans are very slow of realization. However, it is better to get this work done while prosperity is the order of the day. When money is so scarce the business men cannot well complain if the banks require them to confine their borrowings to their regular trade or industrial operations.

Notwithstanding the liquidation of grain loans taking place this month, the bankers evidently expect that high rates will prevail throughout the summer and fall.

THE COST OF LIVING.

The recent issue by the Department of Labour at Ottawa of its annual report on Canadian wholesale and other prices, makes available to the public a vast amount of information regarding the tendency of prices in Canada during 1912, and the phenomena of price movements generally throughout the world in the period. Too much praise cannot be given to Mr. R. H. Coats and the staff associated with him in this undertaking for the thorough character of their work. If a certain amount of dissatisfaction must necessarily be felt at what is left in doubt or unrevealed, this dissatisfaction is in no sense a reflection upon what has been now accomplished by them, but is an inevitable happening when an attempt is made to come to real grips with what is in many ways both the most fascinating as it is the most elusive of modern problems.

SHARPLY-RISING PRICES.

As was evident in a very practical manner, 1912 was again in Canada a year of sharply-rising prices. The report shows that wholesale prices went up over 9 per cent. in 1912, due allowance being made for the varying importance in trade of the several commodities, 287 in number, whose variations in price form the basis of the Departments' calculations. Retail prices did not advance so rapidly, but the Department estimates that a weekly family budget for a family with an income of \$800 a year, worked out at average prices, cost \$12.24 in 1910, \$12.80 in 1911 and \$13.63 in 1912. These are substantial increases. In the terms of the Department's index number, a level indicated by 127.4 in 1911 rose to one of 134.4 in 1912, the numbers being percentages of the average prices prevailing during the decade 1890-1899, the period adopted by the Department as the standard for comparison throughout its investigation of price phenomena during the last three years.

60 P.C. INCREASE IN FIFTEEN YEARS.

The fact which shows more strikingly than anything else perhaps, the extent of the rise in Canadian prices during recent years is that last year's prices show on the whole an advance of some 60 per cent. upon those of 1897—only fifteen years ago. As a matter of fact at that period prices were exceptionally low, but it would be necessary to go back to the first quarter of the decade 1870-1879, when price levels were very high both in Europe and America, to find conditions paralleling those of 1912. Within the period for which definite information has been collected by the Department (1890-1912) at no time have prices approached the level of 1911-12, except perhaps in 1907, when, however, their highest point was still considerably below that of 1911-12.

RETAIL PRICES.

Probably the most interesting portion of these calculations to the plain man are those relating to the retail prices of common articles of food, fuel and clothing. The "family of five," whose weekly expenditure has been already referred to, may be, like the "economic man" something of an abstraction, but the tables provided indicate clearly enough that the rise in the cost of living which has had to be met during the last two or three years by the poorer classes is a serious one. Food, for instance, costing in 1910 \$6.07 a week, cost in 1912, \$7.04 a week, and with a slight increase in fuel and a fairly substantial one in rent from \$3.08 in 1910 to \$4.03 in 1912, the total of weekly expenditure was raised from \$12.24 in 1910 to \$13.63 in 1912. No doubt this rise in prices has been largely set-off by wage increases. It is not the artisans organized into powerful trades unions, and with their services much in demand by employers, who suffer most in a period of price expansion like the present, but people whose salaries or incomes for one reason or another are fixed.

THE BANK ACT TAKING SHAPE.

The Banking and Commerce Committee have been continuing their labours on the new Bank Act this week. On Tuesday, the clause which fixes the maximum of interest rates to be charged by the banks at 7 p.c. came under consideration. Several members favoured striking it out, and Sir Edmund Osler pointed out that the limitation of interest rates would merely result in injury to borrowers, since a third of the new branches would have to be shut up. This matter was eventually deferred until Wednesday when the following amendment proposed by the Finance Minister was passed:—"The bank may stipulate for, take, receive, or exact such rate of interest or discount per annum as may be agreed upon, and may receive and take in advance any such rate; but no higher rate of interest than seven per cent. shall be recoverable by the bank." Another amendment designed to compel banks to specify on the face of notes the rate of interest was defeated by a vote of 17 to 14. Mr. Emmerson's amendment requiring a monthly statement of highest rates charged was also defeated.

THE QUESTION OF MERGERS.

Consideration of clause 99 on Tuesday brought up the subject of bank mergers. Major Sharpe was in favour of an amendment prohibiting them, but Hon. Mr. White replied:—"You cannot lay down any hard and fast rule. Very large banks should not be allowed to amalgamate. I have no hesitation in saying that the Royal-Traders merger was in the interest of banking and also of the public. The strength of banks and the communities served should be considered in these cases. If a bank is weak and losing public confidence it is an advantage to have it taken over by others. If you wait for an Act of Parliament the other banks meanwhile may plunder the best accounts of the weak one. I think the new provision that the consent of the Minister shall be a condition precedent to agreements to mergers sufficient." The clause, containing the new provision that the consent of the Minister must be given precedent to agreements for bank mergers, was then passed.

The committee voted down a proposal to make the Government, instead of the banks, the custodian of unclaimed bank deposits.