

sponsibility rests upon him as to the rightful conduct of the concern's affairs, and it is to be expected that he would oppose schemes hurtful to the company even if they should be calculated to be of advantage to the directors personally. Of course, all "dummies" are not so honourable, if they were we would not be hearing so much to-day about life insurance affairs.

Another curious point has been brought out at the investigation, in connection with the loans negotiated by one of the big life companies in New York. The company had certain stocks which it wished to have taken off its books by a certain date. It was not feasible to sell them, so the thing was managed by way of a loan. A couple of notes were drawn for large amounts—over a million dollars. They were signed by two of the company's clerks, neither of whom possessed any property of consequence, the company took the notes to a prominent banking house, and handing in the stock as collateral, received from the bankers a loan amounting to 80 p.c. of the value of the collateral. The proceeds of the loan were then treated in the books of the insurance company as if they had been proceeds of a sale.

It is not so much with the book-keeping methods that we are here interested as with the use of the clerks' names as promissors on the notes. It was no affair of theirs, and they were not possessed of any property, they might be called "dummy borrowers." The cross-examination brought out the fact that the practice of using "dummies" or figure-heads, such as these is quite common in the financial district. It happens many times that big men having occasion to borrow large sums wish to conceal their movements. If they gave their own notes the fact might become known where they did not wish it known. Accordingly a "dummy" is used. It is said that banks themselves borrow in this way. The bank does not sign the note, but one of its clerks does. Of course, in every case securities are lodged, of sufficient value to cover the loan and a reasonable margin. The lenders advance their money against the securities, they do not look to the borrower at all and, therefore, he does not count.

This is one of the noticeable features about financial banking. The bankers grant their credits on the basis of solid, concrete assets, to be held in their keeping. They do not concern themselves about the personality of their borrower, about his ability, or about his chances of success or failure in the deal he is asking them to finance, they give their attention instead to the security that is offered. What is its value? Is this man's title to it clear? No matter how wealthy a man may be, no matter how high his credit, he does not try to get banking credits without pledging specific securities. As a matter of fact, a wealthy man's credit with his bank-

ers is enhanced by his offering high class and unimpeachable securities.

There is quite a difference between this sort of banking and what is known as commercial banking. The bulk of the business done by our banks in Canada is commercial banking. In making loans to merchants and other men "in trade" the banks give a great deal of attention to the borrower himself. Often they do not get specific security to cover the advances they make, and it is, therefore, necessary that they see to it that the borrower is honorable and trustworthy, that he has a good business head on him. His record is looked at. Has he made a success of his business? He is asked for particulars of the deal in which he proposes to embark. When he gives these, the banker reflects on whether the proposed enterprise is liable to turn out well or ill.

Very often the merchant or the manufacturer feels himself aggrieved at having, in some instances, to put up specific security. He does not look at the matter in the same way as the wealthy financial borrower looks at it, but is often apt to consider that his giving solid security is a reflection on his credit. Competition between the banks is largely responsible for this. When banks offer to lend money without security to men who have been in the habit of giving security they are making the work of future bankers more difficult and dangerous.

MR. BYRON E. WALKER, ON RECIPROCITY.

A dinner was given on 29th ult., at the King Edward Hotel, Toronto, to visitors representing the American Association of Agricultural Implement makers. There were 300 present.

The question of reciprocity having been raised Mr. Byron E. Walker, general manager of the Bank of Commerce, in reference to this proposal said, addressing the United States visitors:

"You must get ideas of political relations out of your head, I do not wish you to gather that we are not to remain here, a separate country, working out our own destiny. None of you will ever live to see any change in our political allegiance. Take that for granted. Realize that there is another nation on this continent that will regard you as friends, but keep its own self-respect, that will trade with you, but not in the old jug-handled way. Then we will grow in amity and friendship and exchange these delightful reciprocities, which take place so often. If you once get political relations out of your mind our commercial and social relations will quickly widen and strengthen."

He went on to affirm that the time had come when the United States manufacturer had to look to Canada for his raw material, either importing it or coming over here and establishing a branch fac-