occur are widely heralded here, but neither the present secretary of the treasury at Washington, nor his great predecessor, both practical bankers, has ever suggested to Congress a bill containing any of the features for which the Canadian Bank Act is noted." Surely, a somewhat belated reader, this, of the signs of the times!

That figures can prove anything—or nothing—has had one more exemplification in the use which this letter-writer makes of the fact, that "in the States the circulation of bank notes is $31.29 *per capita*, while here in Canada, elasticity and all, it amounts to but $19.62." In logical forcefulness this argument reminds one refreshingly of the schoolboy problem which, after circumstantially stating the price of milk per quart pertinently asks for the number of dollars necessary to pay for a cow's suit of clothes. The veriest tyro in things financial knows that it is the amount of money-work to be done which determines whether or not a country's currency is unduly restricted. The monetary volume of greatest efficiency can no more be determined *a priori* by the ratio of currency to population, than by its ratio to the number of bank buildings throughout the country.

Scarcely more to the point is the criticism of the "Globe's" correspondent regarding the Dominion's circulation redemption fund. He considers 5 p.c. of the bank's combined note circulation as being far short of what is needed for public security. His reason is simply that the fund amounts to "less than one-half of the outstanding notes of, say, either the Bank of Montreal or the Bank of Commerce alone." Apparently, the provision is overlooked whereby, when necessary, the banks can be called upon for additional contributions amounting to 1 p.c. of every year's circulation until redemption is completed.

But more remarkable than the oversight of this and other important details of the Dominion's banking system, is the ignoring of the fact that note circulation is a first charge upon the actual and potential resources of any bank, including double liability of shareholders. With a claim that takes priority even over the claims of the Dominion Government, it is well-nigh inconceivable that anything short of a universal financial *débacle* could cause a default in the bank note redemption of a Canadian bank. Indeed, since the general redemption fund was instituted in 1891, no failure has been disastrous enough to call for a single dollar from that "safety reservoir." Whatever things they may have left undone which they ought to have done, the successive framers of the Dominion's banking regulations would seem to have secured—almost beyond all peradventure of a doubt—the complete integrity of the country's bank note circulation.

Naturally enough, recent events are giving occasion for closer enquiry into banking methods. And amid much criticism that flies ridiculously wide of the mark, some is directed towards points that bankers and legislators may well consider—and doubtless *will* consider well. Canada's bankers, as a class, are certainly not open to the charge of being oblivious to the need of constant progression in banking methods to accord with the evolving conditions of national expansion. And this is as it should be. The interests of the general public and of banking are so inter-related that changes for the real good of the one are for the benefit of the other also. No dictum of economics seems more axiomatic than this.

THE LIFE INSURANCE SITUATION.

We have been favoured with a copy of a pamphlet entitled "The Life Insurance Situation," by P. C. H. Papps, A.I.A., F.A.S., in which the writer treats of his subject under five different heads:—

1. Relationship of policy-holder, shareholder and management of a company. 2. Expense. 3. Rebating. 4. Dividends. 5. Policy Reserves.

After dealing with each in a brief and pithy manner summarizes his conclusion as follows:

1. Shareholders, management and policy-holders equally interested in large profits.

2. Expenses must be incurred in selling life insurance, and the general public will not apply for insurance without the intervention of the agent.

3. Competition increases the cost of conducting the business.

4. Rebating is unfair to conscientious policy-holders, and it increases the apparent cost of the business.

5. Impossible for individual company or group of companies to put a stop to rebating.

6. Annual dividends in early years can only be paid by anticipating future profits.

7. Quinquennial dividends now allowed by Canadian companies.

8. Deferred dividends result in few lapses and are popular with the public.

9. An annual accounting and abolishing estimates would meet objections to deferred dividend plan.

10. Need of policy reserves.

11. If lower reserves are considered necessary for young companies, the amount of the departure from reserves by present standard should be given.

12. Any lowering of reserves is on account of the cost of acquiring business.

A summary of the recommendations of the Armstrong Committee, N.Y., are appended.

Conversion of all stock companies into mutual companies to be controlled by policy-holders.