

Canada may expect to do a larger trade with the States in lumber, various farm products, flour, milk, cream, meats, etc. Duties are reduced generally on food products of all kinds.

Naturally the stocks of United States companies which are to be exposed to foreign competition were affected somewhat adversely by the publication of the new schedules; but it is thought that the railways will derive considerable benefit, notably those lines connecting Canada and the States.

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Money market conditions in Canada are not much altered. Call loans are quoted 6 to 6½ p.c. as heretofore. However, there seems to be a little improvement, as some bank money has been offered during the week. It is to be remembered that on Monday, the 14th inst., the second instalment on the Canadian Pacific's stock issue falls due. And the Bank of Montreal will presumably receive about \$21,000,000 new money for account of the railway company. The greater part, of course, will be paid into the London branch of the bank; and quite likely the policy will be followed of employing most of the funds meanwhile in loans at call and short date in New York and London. Even if that is done, the transaction should result in notably strengthening the outside reserves of the banks; and if the outside reserves are strengthened the tension at home should be sensibly relaxed.

THE RATE OF INTEREST ON SAVINGS' DEPOSITS.

While the recent announcement in the Senate by Hon. Mr. Lougheed that the Government could not be expected to make a change in the rate of interest paid to depositors in the Post Office and other Government savings' banks was not surprising, it was none the less welcome as an indication that the Government declines to be led away by the specious and sentimental arguments which are adduced in favor of a higher rate. Senator Lougheed had no difficulty in showing that the 3 per cent. rate now paid is a fair one. The cost of administration and of keeping a gold reserve, the latter amounting at the present time to over 5½ millions, is sufficient with the 3 per cent. interest allowed, to bring the cost of these deposits to the Government up to about the average level at which it is able to borrow abroad. There is no reason why the Government should pay a higher rate for money borrowed at home than money borrowed elsewhere. On the other hand, there are very strong reasons against it, and against the whole system of the absorption of the country's savings by the Government. It is, in fact, not desirable that the Government should finance its undertakings with home funds, for this reason: that it is able, owing to its prestige, to secure better terms

than any other Canadian borrower in the foreign financial markets, so that it is true economy and beneficial to the country generally for the Government to borrow abroad and to leave home funds available for the use of those who are not able to make arrangements for foreign borrowing or could only so borrow upon not very favorable terms. Perhaps in no other country in the world are the savings of the people used in so large a proportion for the financing of the country's commerce and industry as they are in Canada. This fact is of very great importance. Had the chartered banks through their thousands of branches not pursued a policy regarding deposits by which not even a single dollar is refused, they would long ago have been forced to adopt other means for raising the necessary funds to finance the country's commerce and industries, or there would have been alike both a severe monetary stringency and development on a considerably less rapid scale than has been possible under existing circumstances. At the present time, the more extensive organization of the chartered banks and the absence of red-tape give them a marked advantage in competition for deposits over the Government offices. The deposits in the latter have been practically at a standstill for some years, and so far as concerns the post office banks were on March 31 last, only \$41,229,740, or nearly a million dollars less than at the end of March, 1912. We cannot profess to see in this any matter for regret except in so far as the figures indicate a falling-off in habits of thrift, regarding which they are not trustworthy. Under Canada's present circumstances, it is infinitely better that the savings of the community should be actively employed in the country's commerce and industry through the chartered banks than that they should be locked up for the purpose of financing the Government. With regard to the suggestion of Senator Bostock that the Government should follow the British example and give Post Office savings bank depositors the opportunity of acquiring Government securities in small amounts, it needs to be pointed out that in Great Britain, bitter disappointment has been caused to many people who purchased Consols through the Post Office at high prices, believing that their capital was absolutely safe, and find now that 25 per cent. of it has disappeared. Is Senator Bostock prepared to meet this possibility?

The setting apart of one day each year as a "Fire Prevention Day," when the citizens should engage in cleaning up their yards, cellars and houses so as to get rid of inflammable material, has been urged on the Toronto Board of Control by officers of the Ontario Fire Prevention Association. The Fire Chief, Property Commissioner and M. O. H. were instructed to report on the proposal.