

build a new line sends ahead of it an army of pioneers and settlers. Usually men have been for some years in the country to be tapped by steel. There are always those willing to eat hard crusts and wait for the railroad. New lines in the Dominion mean the opening up of previously unsettled country, good for farming, mining, wheat or fruit-growing and a hundred other things. Canadian railway competition, then, does not lie so much in one train running alongside another. To a great extent the competition is found in the cost of building the road and the costs of operating and management. The chief consideration from the passengers' and merchants' viewpoints is quick service, which in turn brings increased revenue.

Taking the figures of six years, 1903 to 1908 inclusive, the average cost ratio per annum of conducting transportation on the Canadian Pacific was 36.50 per cent. of earnings. On the Canadian Northern it was 35.62 per cent., and on the Grand Trunk, 39.52. The average total expenses per annum for the same period—being maintenance, maintenance of equipment, conducting transportation and general expenses—was 70.24 of earnings in the case of the Canadian Pacific; 64.70, the Canadian Northern, and 70.36, the Grand Trunk. These few figures will show that there is room for improvement in Grand Trunk expenses. As to the cost of building, few statistics are available. Grand Trunk construction has usually been expensive without an early return in dividends. The Grand Trunk Pacific securities already issued for that road's branch from Fort William to Superior Junction and for the prairie and mountain sections from Winnipeg to Prince Rupert show the high cost per mile of construction of \$38,010, with fixed charges amounting to \$1,390. If one analyzed the Grand Trunk figures many shortcomings in railroad direction and finance might be found. On the other hand, it is only fair to record that much more economy and efficiency have been observed in the operation of the road than is generally thought. Mr. Hays recently compared the results of 1907 with 1896, reflecting credit upon the Grand Trunk management.

Constant grumbling and dissatisfaction on the part of shareholders has done little good for the road. Sir Charles Rivers Wilson's stifling of suggestions on the part of the shareholders, especially regarding a Canadian directorate, has also worked harm. And there has not been as much harmony as there should have been among the company's head officials. With the recent changes in Grand Trunk management, three or four years should bring a distinctly improved position in the company's affairs, especially with the Grand Trunk Pacific as an earning road and a contributor to the parent company's revenue.

It is difficult to see how a syndicate purchasing the consolidated ordinary stock of the Grand Trunk could control the road as suggested by our correspondent. Such control, he adds, would considerably improve the company's traffic and credit. The personnel and power of the syndicate might improve its credit, but how the traffic could be improved in that way is not clear.

BANK INSPECTION.

The question of bank inspection continues to excite interest. The Bank Act has been thoroughly revised in the past, and has withstood staunchly the trials of 1907, while its operation has been found to conform to the requirements of trade and this country's rapidly developing interests. It is unlikely, said a well-known banker this week, that any material change will be made during the decennial revision of that Act. While this is true, it is certain that the question of inspection will be discussed widely within the next few months.

On another page a former bank inspector takes issue with Mr. McLéod, general manager of the Bank

of Nova Scotia, regarding his method of audit. At the same time, he thinks that a Government audit is not only feasible, but desirable. The suggestions of our correspondent may also meet with criticism. To secure the services of a number of unattached bank officials, which, he thinks, should form an effective Government inspection staff, would be difficult. Bank officials are unattached because of advanced age, ill-health, voluntary retirement or other reasons. It would, therefore, seem doubtful whether a small army of the right type could be secured for this work, even admitting that Government inspection is desirable.

It is right that the public should be protected by the Government to a certain extent in the matter of their business dealings with our banks. On the other hand, every bank is a business enterprise, and is taking daily the risks associated with such. Government regulation of banking institutions should, therefore, be as reasonable as with all other business concerns. Some value must be attached to the personnel of a bank.

That the arbitrary headings in the monthly bank statement require revision is another view of our correspondent. Some minor changes might perhaps be made. For instance, the heading, "Aggregate amount of loans to directors and firms of which they are partners," is apparently obsolete. To express the idea which it was originally meant to express, it should include "and investments in, and advances made on stocks and bonds issued by companies of which directors of the bank are directors." It would be interesting also to add a column headed, "Number of branch offices, including sub-agencies." The heading, too, "Rate per cent. of last dividend declared," might well be changed to "Rate per cent. of dividend paid in the last half year preceding the date of statement." Under the present heading, any bank which has not paid a dividend for some years continues to report the disbursement made several years ago as the "last dividend declared." The Department of Finance have carefully selected the headings, and it seems doubtful whether any drastic changes are needful or desirable. The changes suggested here at least deserve consideration.

The further contention of our correspondent that the chartered banks of Canada fear their methods or policy being questioned by any authority strong enough to criticize and insist upon reform if necessary, is not well made. Mr. Byron E. Walker has said that if Government inspection or compulsory audit would give any substantial protection to the general public, the bankers of Canada will not object to its inauguration. It remains now to prove or disprove the real value of such inspection.

The importance of the bill introduced by Mr. Demers, M.P. for St. John's and Irberville, Que., will depend on the attitude of the Government when it comes up for second reading. There has been some unexplainable delay in printing this bill, and pressure is being brought upon Mr. Demers to withdraw that section of the bill which provides for the federal inspection of chartered banks. Mr. Fielding, Minister of Finance, it is understood does not favor such inspection, and all that Mr. Demers could hope for would be that his bill might be utilized by the Finance Department in revising the Bank Act at this session. Other provisions of the bill provide for the calling of stockholders' meetings upon the request of fifteen shareholders, and for more strictly coupling voting power with the real ownership of stock. There is also a provision by which shareholders may demand and obtain from the directors full data as to loans made and securities held by the bank. Mr. Demers acted for the Crown in prosecuting the unfortunate bank president, Hon. P. H. Roy, who wrecked the bank at St. John's, Que. He is seeking by the proposed legislation to tighten up the Bank Act in places where he found it to be deficient in his investigation at St. John's. As the bank in question was a purely local and almost

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