

Trade and Commerce, with improvement in the classification scheme and in other details.

(d) Transportation.—The reorganization of canal statistics. The creation of statistics of coastal trade.

(e) Labor.—The creation of wages and consumption statistics.

(f) Emigration.—The perfecting of methods of recording departures.

(g) Miscellaneous.—Improvements in statistics of insurance and the development of price statistics.

(h) Publications.—The enlargement of the Canada Year Book. The co-ordination of other publications.

## (2) Provincial

The co-ordination of statistics on the following subjects in the light of matter set forth in the report: Births, marriages and deaths; public health; education; agriculture; local and municipal governments; industrial accidents; various phases of production; finance; public lands; public works; and hospitals and charities.

III. The appointment of all officials engaged in statistical work on grounds of character and capacity.

While the commissioners' recommendation might be extended considerably, it is unreasonable to expect a longer programme as a beginning. Indeed, Canada is so lamentably lagging in statistical organization and records that it would be impossible to amend the omissions of the past in a single effort of reform. The recommendations are excellent, and will afford sufficient work to keep a competent statistical staff busy for some time to come. It is to be hoped that the government and the public will give all assistance possible with a view to placing into effect the recommendations of the commissioners. Their report represents a vast amount of labor, and will be regarded as the real foundation stone of Canada's statistical structure.

## CLOSE OF THE BANK CASE

More extended reports respecting Judge Leet's decision in *La Banque Internationale* case are now available. The evidence taken prior to the public hearing, we are told, will be found in the record under the same conditions as if it had been taken after the issue of a warrant. That disposes of the plea of *The Monetary Times* for the publication of all the evidence.

Mr. J. T. Knight, secretary of the Bankers' Association, stated at the hearing last week that he had investigated the matter of complaint, and after the examination declined to bring the subject to the attention of the executive committee of the Bankers' Association, as there was not enough, in his opinion, to warrant action. Mr. J. D. Muir, chief accountant of the Merchants Bank, with lengthy experience in making bank returns to the government, stated that in his opinion a banker making a statement could not have treated the current note in question other than the general manager of the French bank had done. That disposes of the charge that a false return had been made to the government. It also clears Mr. Godfrey Bird, the general manager of the bank, and who will continue his banking career with the Home Bank.

Judge Leet stated that he was approached by the representatives of both the prosecution and defence and asked to hold his judgment until the negotiations for the transfer of the business of the bank were further advanced. He could not see that a delay would prejudice either the accused or the public interest. While it may not have prejudiced, it certainly has not worked to general advantage. Much unpleasant publicity might have been avoided had the whole matter been allowed to take what might be termed the usual course. The hearing of plaintiffs' evidence in camera and evidence for the defence in public is, we submit, undesirable.

"Our financial institutions," said the judge, "should be above reproach, and also the manner in which they are managed." While the majority of them and their management are above reproach, the history of banking in Canada has proved that some of them have been mismanaged in no uncertain way. When a bank becomes involved in court actions, the best thing possible for the good name of Canadian banking and Canadian credit is to give it proper publicity. That is why *The Monetary Times* has persisted in its requests week by week until satisfaction in that direction was obtained.

## BANKING LEGISLATION

The second reading of the bank act at Ottawa this week was the subject of animated debate. So long as Mr. White's proposed amendments are discussed upon their merits and not from the political viewpoint, such discussion is healthy for the country. The bankers, we feel sure, are in favor of free criticism and suggestion. While we have an excellent bank act, moulded from time to time to meet the financial needs of the country, we may have a still better one as the result of co-operation between the public, the bankers and the government.

The public realize that they must be financed by the banks, and the public desire, therefore, fair treatment, as they have generally had in the past. The bankers, recognizing that they enjoy certain privileges, wish to extend legitimate credit, run their business in a business-like way and satisfy their shareholders and depositors. The government has to regulate the privileges and suggest amendments to the bank act deemed necessary every ten years.

No reason is there why such a serious and important matter should be the subject of acrimonious debate. The proper desires of every factor in Canadian banking can be gratified by a calm and non-political consideration of the act.

The question of government inspection was prominent in this week's debate. Mr. White maintained that it would be ineffectual, and would create a false sense of security and relieve the directors of a sense of responsibility. As he truly pointed out, the very essence of banking is the loan on personal credit as opposed to the loan on securities. *The Monetary Times* feels that the personal factor in banking has not been generally considered as it properly should. Whatever audit or inspection is devised, whatever safeguards are taken, we must, as Mr. White says, always rely in the final analysis on the integrity and ability of the officers and directors. We think it will be pursuing a useless suggestion to advocate government inspection. No government of any political color whatever would attempt to undertake it.

Mr. White has carefully considered English legislation, and the provisions for audit incorporated in the act substantially put it in the same position as the most advanced legislation in British countries. The bank shareholders are the proprietors. The loss falls principally on the shareholders, and they should appoint the auditors. It has been suggested that through proxies the directors would appoint these officials. It is impossible to prevent this, but it is provided that there must be ten days' notification to all shareholders. There is no case on record of collusion between directors and an auditor, and the directors are as interested as the other shareholders. Penalties have been made severe, five years imprisonment being prescribed for improprieties, and penalties have also been added for negligence.

Double liability has always been an unpleasant incident at the time of bank failures. Mr. White was asked if anything had been done to relieve the shareholders from that. The suggested amendments do not propose any change in that direction, but Mr. White thinks that under the new inspection the liability might be limited to the paid up capital as in the case of a corporation.