

the branch bank system so greatly developed, that there are now only some 125 separate banks in the whole of the British Empire. The Bank of England, already acting as custodian for many other banks, could act in this capacity.

One of the functions of the empire bank would be to issue cable transfers to its banking clients at par between the central office and any other office, and the figures of each office would be wired weekly to the central office and incorporated in the weekly balance sheet issued by the empire bank. He emphasized the point that cable transfers from one branch of the empire bank to another branch would have no effect upon the aggregate of bankers' balances with the central office in London, the level of the pool always remaining the same.

Dominions could be given representation on the directorate, and the bank would then become a truly imperial bank, and notes would in reality become imperial notes, acceptable at par any place in the empire.

The notes of this bank are now almost entirely backed by gold, pound for pound. Acting as an imperial clearing house, with the short-term bill of exchange the common basis of currency value, this condition would still obtain, and thus a comparatively simple system of machinery for the stabilization of inter-empire is secured. There would be some slight difference between buying and selling pounds sterling as between one part of the empire and another, sufficient to compensate the banks for handling the business, but as the banks could always obtain cable transfers at par backwards and forwards from the empire bank, exchange fluctuations would in effect be eliminated. The rate of interest would also tend to equality the empire over on the same security, which would be a further aid to production.

The Canadian dollar, said Mr. Darling, is now related neither to the American dollar nor the British pound sterling. It stands pretty much alone, but under the proposed system it would have a very definite relation to the standard employed throughout the empire.

WILL NOT ACCEPT UNGUARANTEED BONDS

Dominion Government Defers to Right of Province to Control Matters Relating to Municipal Affairs

(Special to *The Monetary Times*.)

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PENDING the outcome of the Ontario government's investigation into the hydro-radial situation, the Dominion government will not take advantage of the offer of bonds which are an obligation of the municipalities alone, in return for its radial lines in Ontario. When the question was brought up here, it was deferred till the return of Hon. J. D. Reid, minister of railways, from the west. Dr. Reid has left on a trip to Europe and it is now intimated that the hydro bond proposition remains in abeyance, and moreover, that nothing will be done in the matter till the commission investigating the radial scheme shall have made its report. Without taking sides on the merits of the radial discussion the government is understood to have come to the conclusion that it would be well to wait and ascertain the attitude of the provincial government to the radial project before agreeing to accept municipal bonds not guaranteed by the province. One reason cited is that the province is really the guardian of the municipalities and framer of the laws defining municipal powers and governing their activities.

The opinion is expressed that an awkward situation might arise if the Dominion government should accept municipal bonds over the head of the province, which has the power to define, enlarge or restrict municipal borrowing powers. It is very doubtful, therefore, that the electric lines of the Canadian National system will pass to the Hydro Commission unless the condition is such as will meet with the approval of the Dominion and provincial governments and the directorate of the Canadian National Railways, who are

understood to have a considerable say in the matter. Nearly \$7,000,000 is the purchase price quoted by the government for the sale of the electric roads in question. The price asked for the Toronto Suburban is \$2,628,000, for the Niagara, St. Catharines and Toronto \$3,544,000, and for the Toronto Eastern \$706,000.

Canadian Trade Mission Finished

The Canadian Trade Mission is preparing to close up in November after administering 157 millions of credits abroad, of which about 65 millions have been taken up. Credits of 25 millions each were extended to Greece, France, Belgium and Roumania. Roumania was the only country that availed itself of a full assortment of Canadian goods. It has absorbed \$20,483,676, Greece \$7,141,300, France \$5,900,000 and Belgium \$1,772,263. Italy has taken up 6 millions for meats. Of the timber credit of 50 millions, 26 millions has so far been absorbed.

Preliminaries of the Grand Trunk arbitration commenced on Monday with an inspection of the physical assets. Sir Walter Cassels, ex-president W. H. Taft and Sir Thomas White, who compose the board, will go from Montreal to Chicago first, and afterwards, it is intimated, over the G.T.P. to the coast. The date for commencing the court proceedings in the arbitration has not been decided, but it will probably be early in November. The arbitration will take several months. It will determine the value of the common stock of the company, and much evidence on the subject will be introduced. Just as the arbitration board is starting out from Montreal westward, the directors of the Canadian National will leave Montreal to inspect the eastern lines of the system.

Settlement With German Creditors

More than \$2,000,000 received from Canadian firms and individuals in payment of debts owing to Germans at the beginning of the war is now lying in the bank to the credit of the custodian of enemy debts. The money has been collected by the custodian, the secretary of state, in accordance with the arrangement made in the treaty of Versailles for the settlement of debts between citizens of the signatory nations. Under the treaty direct settlements of pre-war obligations between citizens of allied countries and German nationals is forbidden and provision is made for the establishment of a system of clearing houses. Canada has a local clearing house of which the secretary of state is head. That clearing house communicates with the German clearing house through a central clearing house in England.

Many Canadian firms, too, it is stated, are now anxious to close up accounts with Germans and readily pay accounts owing to the latter into the clearing house. The custodian had disposed of the assets of some companies which were wholly owned by Germans and which were liquidated. From one of these, located in Montreal, \$200,000. Included in the property to be dealt with is 143,000 shares of Canadian Pacific Railway stock, which stood in the name of the Deutscher Bank.

Won't Send for Russian Gold

Agents of the Soviet government of Russia have made requests that Russian gold, shipped to Canada to pay for goods, will be guaranteed from any other claims against the Russian government. They are asking that any gold sent to Canada to pay for goods purchased in the Dominion will not be devoted to any other purposes. The Dominion government, however, it is understood, is declining to give any such guarantee or to be involved in any way in the shipment of Russian gold. Opening up of trade relations between Canada and Russia are therefore at an impasse. The position taken by the Dominion government is that if any individual Canadian wishes to trade with the Soviet or any other government in Russia he may do so, but at his own risk. There is no embargo on the exportation of Canadian goods to Russia, but the exporter will have to make his own arrangements for payment as no credit will be furnished by the Dominion government.