

and that raw cotton prices will be definitely established at a level permitting the cotton mills to proceed with their work advantageously. Money market conditions in the Dominion are practically unchanged. Call loans in Montreal and Toronto rule, as heretofore, at 5½ to 6 p.c. Although the gold imported by the banks from New York serves to increase their funds held locally, it is not likely that the securities markets will benefit very much from that circumstance. They will, in all probability carry the imported funds as specie in vault or Dominion notes until they are required in the late summer and early fall.

Although the merger movement appears to be on the wane in Canada during the past two or three weeks, the daily papers still contain a plentiful supply of announcements of new security flotations of one kind or another. In nearly every case bank loans are necessitated, and the flotations thus serve to lessen the supply of funds available for other purposes. It is probable that the bankers will be disposed to discourage the output of new securities until after the crops have been cared for. The news from the Northwest is favorable and it appears likely that with the advent of September harvesting operations will be well under way.

This week the purchase money for the shares of the Toronto Electric Light Company was paid over by the National Trust Company. The closing of this transaction has had the effect of releasing a large amount of funds tied up directly and indirectly in loans. It should have some effect in easing up the money market, especially in Toronto

#### CREATING SENTIMENT FOR A CENTRAL BANK.

According to a dispatch from Washington to the New York Journal of Commerce, the members of the National Monetary Commission have been expressing regret at the action of one of the great national banks of New York City in forming a subsidiary or auxiliary security or investment company. This departure has already been noticed and commented upon by the press in the Dominion. The action of the National City Bank is not an isolated case. In forming its security company it has merely followed the example set a few years ago by the First National Bank—the great Morgan institution. It is charged against these banks that their new organizations are designed to evade the laws which prohibit national banks from engaging generally or extensively in security dealings.

The members of the Monetary Commission who criticise the action of the banks do so because they fear it will make it considerably more difficult to secure the enactment of the so-called Aldrich plan for reforming the banking system. Since this

plan was formulated all the administrative machinery at Washington and the machinery controlled by the American Bankers' Association has been put actively to work to create a public sentiment in favor of the proposal to establish a central banking institution modelled on the European plan. At every state bankers' association meeting held this summer a high Treasury official or a leading banker designated by the banking powers has been on hand to exhibit in its most favorable light the scheme to institute a great state bank and to endow it with exceptional privileges and monopolies. This spokesman also uses all his influence and all the influence of the central banking association to procure an endorsement of the plan in every state. In practically every case he is successful. The power of the city banking interests is very extensive and according to the press reports of the meetings the associated bankers accept the statements and explanations practically without discussion or criticism. At one meeting, however, a bank officer got up and said that he did not consider the endorsement which the meeting was giving to the proposed plan was worth very much. Speaking for himself he said that he did not understand the scheme very clearly and he did not believe his brother bankers did either. As it was so complicated in its nature he thought the wisest plan would be for the bankers to make no pronouncement on it until they had time to study and discuss it thoroughly. At the meeting a year hence—in 1912—he considered that a more intelligent and satisfactory verdict could be given. However, that did not suit the purposes of the parties in charge of the propaganda and the association proceeded to endorse the plan as all the others had done.

Then the campaign is also being pressed vigorously in the press. Articles and editorials favorable to the scheme abound. And very little appears against it. The common people and many of the experts are not familiar with the weak or objectionable points of the centralized banking systems of Europe. They do not clearly understand how the existence of those privileged central institutions tends to blight or check the operations of the ordinary bank and to lessen the sturdy independence and responsibility of bankers generally. To quote one instance: in Europe the duty of regulating the exchanges and of controlling speculation is supposed to be chiefly on the shoulders of the central bank. So the other banks, some of them nearly as powerful as the central bank, feel but a limited responsibility in regard to these matters and they may contemplate without shame or loss of dignity a possible application by them to the central bank for assistance in an emergency. Where all the banks have equal rights and privileges, and where the duty of regulating