

Commission will shortly become more accommodating with respect to the wishes of the railways as regards the freight tariffs. Only by increased freight charges can the provision of additional mileage and transportation facilities be secured.

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Some think it significant that in recent addresses the Canadian Minister of Finance has dwelt particularly on Canada's need for much additional railway mileage and transportation facilities. These things cannot be provided unless ample capital is forthcoming for the purpose. And the necessary capital will not come forward unless it is reasonably sure of getting a fair return. This line of argument has its application to the situation as regards Canadian Pacific's request for a larger authorized capital. Perhaps one might conclude that the Government had about decided that the company's application could not be resisted without injuring the country. The monetary situation in the Dominion has not grown more comfortable during the week. Call loans are now definitely on the 6 p.c. basis. In Canada also the October dividends and coupon payments amount to a respectable total; and the temporary loans negotiated by the respective corporations for the purpose of meeting these payments, or the action of the corporations in transferring the dividend money to a special account in readiness for distribution, helped to make money tighter at the end of the month.

THE REVISION OF THE BANK ACT.

Next to the proposals which the Government will submit regarding the share which Canada is to take in the Empire's naval defence, the most important matter which will come before the approaching Session of Parliament is the question of the revision of the Bank Act. This revision has been deferred for two years, and the delay, due in the first instance to political circumstances, has been a distinct advantage as ensuring, or going some way to ensure, a quietly deliberate and well-considered revision. In the case of an enactment which stands as so conspicuous a success as does the Canadian Bank Act, it is imperative that nothing be done in haste or excitement, or the adjustment of minor disadvantages might easily result in undesirable alteration of major features. No doubt there will be during the consideration of the Act, the usual quota of anti-banking speeches. But we cannot imagine that views dictated merely by antipathy to the banks will carry any great weight. Neither does it seem likely that Mr. White will identify himself with revolutionary proposals, such as those recently enunciated by the Toronto World. There are no circumstances justifying or making desirable any such sweeping change in fundamental policy.

While naturally it is not possible to forecast accu-

tely the principal lines of discussion, it will be interesting to survey various leading matters, which seem likely to bulk very largely in the revision debates. The questions of an outside audit of the banks, of the basis of their circulation, and of whether they shall be allowed to lend to farmers on the security of grain—a matter, this last, which has been lately raised in Toronto and the West—appear to be among the major matters of importance which will have to be decided. Apart from these subjects of first-rate importance, no doubt there will be heard a good deal about minor points. Such "hardy annuals" as the rate of interest paid by the banks upon savings deposits, the salaries paid to their clerks, and the banks' call loans in Wall Street and London can hardly fail to evoke spirited, if not perhaps always very well-informed discussions.

It seems at the present time that the question of an exterior audit of the banks will be perhaps the most sharply contested matter in the course of the revision, and that the proposals finally adopted will mark the most important point of difference between the new Bank Act and the old. Much consideration has already been given to this matter and a variety of proposals and suggestions have been offered. Mr. Fielding's proposals, made in December, 1910, were open to serious objection on account of the possibilities they contained for the wrong use of the machinery employed for the appointment of shareholders' auditors, and it is scarcely likely that, even apart from other considerations, Mr. White's proposals will be similar in character to those. Last year, Sir Edmund Walker described a scheme of auditing for which the Canadian Bankers' Association would be responsible, that body appointing examiners, who would visit the head office of every bank in Canada periodically and test the accuracy of its balance sheet. The Toronto Globe, which has lately been agitating the subject, has the idea that there must be an inspection "over which the banks themselves shall have no control:—

That inspection may be by accountants directly employed by the Finance Department or by selected firms of accountants, but the inspectors must be absolutely free from the control of the banks whose transactions they are to inquire into, and the inspection must relate not only to the solvency of the bank, but to the manner in which it is carrying out its obligations to the public.

What does the Globe mean by "the manner in which it is carrying out its obligations to the public"? The phrase suggests an inquisition into details of business that would be intolerable—as intolerable as the Globe would find a similar inquisition by an outside inspector into the details of its own business, made on the grounds that a newspaper, like a bank, has obligations to the public.

In reaching a solution of the problem of bank inspection—if there is to be bank inspection at all—there is one danger which must be avoided, the danger that people will regard the certificate of a Government auditor concerning a particular bank