

FINANCE DEPARTMENT AND THE BANKS.**A Change in Methods—Thanks to the Bankers.**

The Finance Department has issued a statement with reference to a change in methods regarding the applications of banks for advances on approved securities. They will be made in future to the Treasury Board instead of to the special advisory committee of bankers as originally laid down.

The text of the statement is as follows:—

"The necessary proclamation bringing into effect the provisions of the recently enacted Finance Act so far as they affect Canadian banks appears in the *Canada Gazette*. The effect of the legislation and of the proclamation is to continue the existing situation established by Order-in-Council previously to the recent session, the only change being that applications from banks for advances upon approved securities are to be made to the Treasury Board. The Board will avail itself where necessary of professional advice as to the quality and value of securities offered on collateral.

"As the arrangement hitherto existing is superseded by that provided under the statute, the Minister has written a personal letter of thanks to each of the members of the special advisory committee consisting of the President of the Canadian Bankers Association, the general managers of the Bank of Montreal and the Royal Bank and the managers at Montreal of the Canadian Bank of Commerce and of the Imperial Bank. The services of these gentlemen either individually or associated with other bankers will continue to be available to the Treasury Board.

"Under the new arrangement securities may for convenience be lodged by the banks with the Royal Trust Company at any of its offices in Canada or with the Finance Department at Ottawa. The Minister has also made an arrangement through Hon. George Perley, with the Bank of England, London, whereby securities may be lodged with that institution for account of the Minister of Finance.

"In his circular letter, notifying the Presidents of the several banks of the new arrangement and enclosing them copies of the Act and of the necessary forms of application and pledge agreement, the minister states that 'the legislation to which their attention is directed was intended by Parliament to enable the bankers of Canada to extend in this time of stress such credit facilities to the community as may be proper having regard to prevailing conditions and the observance of sound banking principles.'"

FAT YEARS! LEAN YEARS!

We read in the good book that a king, on the advice of a brainy servant, stored the surplus crops of seven wet fat years to provide for the succeeding seven dry lean years. The natural born politician fire insurance expert who ignores fireproofs, sprinklers, frame ranges, experiences of boards of underwriters, and recognizes neither fat wet years, nor lean dry years; who legislates that rates of premiums shall be based on the outgo losses and expenses of the fat wet years and that the excess losses of the dry lean cow-kick, earthquake years shall be borne by the people with no stores from fat wet years to draw on, should read the story of the king's dream and permit the underwriter whose business is to furnish indemnity for the lean dry years to store surpluses of fat wet years.—*Fireman's Fund Record*.

GREAT BRITAIN'S CURRENCY NOTES.

A memorandum has been issued in London explaining the arrangements under the recent Act for placing currency notes at the disposal of the banks for meeting exceptional demands.

Currency notes are issued through the Bank of England to bankers up to a maximum limit not exceeding in the case of any bank 20 per cent. of its liabilities on deposit and current accounts.

The amount of notes issued to each bank is treated as an advance by the Treasury to that bank bearing interest from day to day at the current bank rate, the security for the Treasury advance consisting of a floating charge on the assets of the bank up to the amount of the notes issued. The bank is permitted to repay the whole or any part of any advance at any time. Any amount repaid can be renewed if and when necessity arises, provided that the total amount outstanding at any one time does not exceed the authorized percentage of the bank's liabilities.

In order to give the banks the advantage of the credit allowed under this arrangement, even though actual currency may not be required, it is proposed by the amending Bill to take power to issue certificates in lieu of actual notes. The effect of the issue of these certificates will be that the banks will be able to obtain credits with the Bank of England on the same terms as currency notes, and the expense of printing and handling notes will be avoided except in so far as the notes may be required for actual circulation.

It has been found that fewer notes than had been anticipated have been required—at the end of August about £21,500,000 had been issued. A new design is now being made; the former notes having been issued in a hurry are not too difficult to forge.

HOW THE FRATERNALS DO THINGS.

The Modern Woodmen of America have announced the rules under which the 100,000 or more members, who lapsed because of the rate agitation in the past two years, may reinstate, now that it has been formally decided that there is to be no change in the former rate table. Those who were suspended between February 1, 1912, and December 1, 1913, can be reinstated at their former rate of assessment, without any arrearage of dues or assessments, on furnishing a certificate that they are in as good health as on the date of suspension. The order admits that the waiving of a medical examination will subject it to adverse selection, as those whose health has become impaired in the meantime will be certain to seek reinstatement, and that an increase in the death ratio is to be expected.

Press notices and dispatches as collated by the bonding department of the Fidelity and Casualty Company, indicate, for the month of July, 1914, the following defalcations:

Banks and Trust Companies.....	\$181,103.77
Beneficial Associations.....	5,000.00
General Business.....	12,711.84
Insurance Companies.....	18,763.23
Miscellaneous.....	44,449.40
Transportation Companies.....	209,250.00
Public Service.....	5,373.86
Total.....	\$476,652.10