

are reaching record-breaking proportions. Our own western deliveries are now also very large; and as prices are satisfactory it is likely that the outward movement from Canada and from the United States will provide the bankers with a considerable volume of exchange.

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Canadian money markets retain all their hardness. It is said that several of the banks are taking advantage of all opportunities of quietly withdrawing funds from the Street. They do not call their loans, but when payments are made the money is not put out again. The recent liquidation, of course, would result in the payment of loans on a considerable scale. Call loans are 6 p.c. as heretofore in Montreal and Toronto; and the rate for the best mercantile discounts runs from 6 p.c. upwards. Naturally the uncertainty of the European situation and the growing tightness of money in New York, London, Paris, Berlin, Montreal and Toronto, have caused Canadian speculators on the bull side of stocks, considerable uneasiness. There has been selling of our securities in England and in Europe; and Canada also has had to provide exchange to take up stocks and bonds returned. The liquidation of Canadian Pacific is said to have occurred quite largely in Berlin. In the meantime, while the price of this stock has shown a marked tendency to drop, under foreign selling, the weekly reports of earnings continue very favorable; the 200,000,000 bushel wheat crop in the West and the increase of immigration hold promise of satisfactory earnings throughout the winter and spring.

#### CANADIAN BANKERS' ASSOCIATION.

The annual meeting of this important body will be held at Toronto on the 14th inst., in the Canadian Bank of Commerce Building. It is stated by the Toronto News that Sir Edward Clouston intends to retire from the Presidency, a position occupied by him since the incorporation of the Association in 1900. His duties as Chairman, fellow bankers say, have been fulfilled with the quiet dignity, tact and tolerance so characteristic of his career as a banker and his colleagues will surely miss his kindly presence and courteous counsel at their future meetings.

The News is also responsible for retiring the Secretary of the Association, Mr. John Knight, whose work as supervisor of the note circulation of the chartered banks and the closing of banks found fit for burial has been acceptable to all concerned. Mr. Knight is also manager of the Montreal Clearing House, and in that position is respected by all bank officials and exceedingly popular with visiting American and English bankers and others. Under the circumstances it is to be hoped that even if the Association is to lose the services of their President, Mr. Knight will remain in office as the travelling representative of the banks of the Dominion.

THE CHRONICLE cannot obtain any verification of the Toronto paper's disposal of what Mr. Knight calls his "declining years." When asked about it, he simply smiled and enquired of his interviewer "Do you ever talk in your sleep?"

#### CANADIAN BANK INSPECTION: A SUGGESTED SCHEME.

The Departments of History and Political and Economic Science of Queen's University, Kingston, have just issued a bulletin on the subject of Canadian bank inspection. Its author is Mr. W. W. Swanson, who has contributed to the widely-spread discussion on this subject a closely-reasoned argument which is worthy of careful consideration in view of the forthcoming revision of the Bank Act and of the importance which must attach to any action by the Dominion Parliament on this question. Starting with the premise that some external system of inspection of the banks is desirable, Mr. Swanson proceeds to consider in order those systems which have found most favor in the course of public discussion of this subject, (1) inspection by officials selected and appointed by the government, (2) inspection by a board of auditors appointed by the shareholders and (3) inspection by a board of auditors appointed by the Canadian Bankers' Association.

Mr. Swanson declares himself as in favor of a scheme on the lines last-named, the putting of an additional duty upon the Canadian Bankers' Association. We give elsewhere Mr. Swanson's proposals in this connection and the arguments with which he supports them. The idea of inspection by the Association is, of course, not new. Eighteen months ago, Sir Edmund Walker mentioned in the course of a paper upon Canadian banking which he read before the Institute of Bankers in London, England, that he had then worked out a proposal, the effect of which, if brought into force, would be that the Government would impose upon the Association, within well-defined limits, the duty of bank inspection. The Association would appoint a bank examiner or examiners with assistants, who would visit periodically the head office of every bank in Canada and test the accuracy of the balance sheet in a manner as complete as any audit. Mr. Swanson's plan is apparently more far-reaching than this; he desires not only an inspection of the balance sheet, but an inspection of methods of business as well.

In support of his present proposals, Mr. Swanson adduces the establishment in Chicago and some other American cities of clearing house examinations—a voluntary system of inspection which is supplementary to the work of the national bank examiners, whose shortcomings are notorious, and a standing warning against the establishment in Canada of a Government system of inspection. Under the Chicago clearing house system, the examiner's reports are made in duplicate, one going to the bank examined and the other being filed by him in the clearing house vault, and being only accessible to the clearing house committee and to them only in such cases as the examiner deems of sufficient importance to call to the committee's attention.