times the exigencies of public finance might not be wholly in harmony with banking policies that might be considered wise and essential in the general public interest. Clearly, also, the bank should be protected from pressure by particular private interests. It is in view of these demands and possible dangers that the above regulations regarding ownership, appointment of officers, and limitation of profits, etc., have been drawn up. In this light these various features may be explained, for example:

1. Private ownership renders the bank more independent and detached from political controversy than would be the case under direct public ownership.

2. Limitation of profits removes dangers inherent in private ownership, but still offers conservative investment for private capital.

3. Limitation of share holdings, broad diffusion of stock ownership, and the provision that none of the shares may be held by chartered banks or by bankers tend to avoid pressure from particular interests.

4. Initial appointment of officers, including directors, by governor in council with provision for approval of subsequent governor, deputy governor, and assistant deputy governor by the same body affords guarantee of proper expert and disinterested leadership. The features allowing for only gradual retirement of original directors, with eligibility for reappointment, ensures that continuity of sound policy is made possible. This again affords protection against special interests. Sole powers given the minister to cast proxy votes of shareholders absent from annual meetings adds further to this protection as also does the reservation to governor in council of right to approve by-laws.

It is believed that the provisions here outlined will provide a workable organization combining the advantages of private ownership with adequate protection of the public interest.

In defining the powers of the bank, an attempt has been made in the bill to provide ample scope for the exercise of all legitimate central banking functions and yet to restrict the bank's assets to the most liquid and highest grade securities so that it may always be in a sufficiently strong position to assist in tiding the country over periods of strain.

The bank is to be allowed to buy and sell coinage and gold and silver bullion, transfer funds within and to and from Canada, and deal in bills of exchange of specified types and maturities.

It is also permitted to purchase on its own initiative or to rediscount certain types of investments. These are to include short and long term securities issued or guaranteed by the dominion or any province, with strict limitations, however, on the amount of such long-term securities which may be held. The short-term securities of the United Kingdom, other British dominions, the United States, and France, as well as a limited amount of long-term securities of the United Kingdom and the United States, may also be purchased. These provisions have been framed to allow the bank to hold earning assets in a suitably wide range of currencies. The limitations on the holdings of long-term securities are to assure a high degree of liquidity at all times.

The chartered banks are to be given access to central bank credit in a set of provisions which afford them privileges comparable to those which they now enjoy under the Finance Act. Thus, the bank is to be allowed to buy and sell or rediscount a wide range of bills of exchange and promissory notes endorsed by a chartered bank. Loans and advances may also be made to the chartered banks for limited periods on pledge of suitable collateral.

The dominion and provincial governments are also eligible for loans and advances but, in accordance with the suggestions in the Macmillan report, these are subject to appropriate limitations.

Deposits are to be accepted from the dominion and provincial governments and from the chartered banks but such deposits will not bear interest. It is expected that the provisions for chartered bank deposits will greatly facilitate clearing operations.

For the purpose of carrying on open market operations the bank is permitted to buy and sell in the open market securities, cable transfers, bankers' acceptances and bills of exchange of specified kinds and maturities, with or without the endorsement of a chartered bank. Open market operations are recognized as one of the important devices by which central banks maintain control over credit. Ample scope is here provided for the bank's activity in this connection.

The bank is to be required to act as fiscal agent of the Dominion of Canada without charge and may also by agreement act as banker or fiscal agent for the government of any province.

It is obviously unwise for a central bank, owing to the nature of its functions in the community, to engage in or have a direct interest in any industrial or commercial undertaking. Nor should it make loans or advances on real or immovable property. Unsecured loans and renewals of loans and advances