fact that everything is prosperous on our side of the boundary may cause American business men to assume a more confident or optimistic attitude.

It is gratifying to note that London is again giving attention to Canadian loans. Apparently the spell of idleness, which lasted for about four months, has resulted in the clearing away of much of the congestion in the securities market. At any rate news of issues of Canadian bonds and debentures in London is again commencing to appear. Several issues were reported in the past fortnight, among them £1,250,000 of Grand Trunk 4 p.c. guaranteed stock, at 92. Then the Province of Alberta is said to have placed a temporary loan at 4 p.c. This Province has drawn first blood in its fight with the Alberta and Great Waterways Railway people. The decision of the lower courts in Alberta is that the banks must surrender the $7,000,000 of trust monies held by them. It is to be appealed. The Government of Alberta met with severe reverses in the bye-elections recently fought. Its policy in this case constituted one of the issues in the elections. Evidently there are plenty of electors who do not look with favor upon the Government of the Province breaking its contract.

FIRE PREVENTION IN BRITISH COLUMBIA.

From the office of Mr. Ernest F. Gunther, Superintendent of Insurance at Victoria, B.C., comes Bulletin No. 1 of the British Columbian Department of Insurance. This department was created by the provincial Insurance Act of 1910, and the Superintendent is vested with powers of investigation into the cause, origin and circumstances of every fire occurring in the province, as well as considerable powers for the inspection of buildings and premises with a view to fire prevention. Mr. Gunther is well and favorably known in Canadian fire insurance circles, and it is to be hoped that he will have the willing co-operation of the municipal and local authorities, as is contemplated by the act of last year, in the work of reduction of the fire waste of the Pacific province. Bulletin No. 1 is a readable document; a series of direct, convincing leaflets of this sort should do good work in awakening the public to the evils of the fire waste.

The London Economist's end of October index number is 2576, a decline of 17 points during the month, following an increase of 62 points in September. The chief decline was due to the fall in cotton, the textile classification showing a decline of 25½ points to 555½. Cereals and meat advanced 7½ points to 571; tea, coffee, sugar and similar products declined 4½ points to 425½; minerals are 3½ points higher at 437, and miscellaneous heavy goods are 2 points higher at 587.

BANK RESERVES AND LIABILITY ON SHARES: A COMPARAISON OF CANADIAN AND BRITISH PRACTICE.

One of the criticisms made by Professor Joseph French Johnson, in the interesting survey of the Canadian banking system which he wrote for the National Monetary Commission of the United States last year, related to what he termed "the rest-fund fad." He contended that during recent years the banks had paid altogether too much attention to the building-up of the reserves and that some of the energy which had been expended in this direction could have been better directed in an extension of the capital account. It is well known that during recent years the rest funds of the banks have increased much more rapidly than the paid-up capital. In the last decade the paid-up capital of the banks has advanced by about $34,000,000 from $67,000,000 to $101,000,000 or by about 50 p.c., while in the same period, the rest funds have increased from $37,000,000 to $90,000,000, a gain of 144 p.c. In the twelve months ending with September last, the banks' paid-up capital advanced $4,902,031; coincidently, their rest funds increased $10,092,478. As present developments go, it seems that but a comparatively short time will elapse before the aggregate of the rest of all the banks becomes equal to their paid-up capital.

The reasons for this cultivation of the "rest-fund fad" have already been set forth in our columns. The rest fund plays a valuable part in neutralising the effects upon the shareholder of the double liability on bank stock. It is apparent that the bank shareholder will regard his investment the more complacently, when he knows that the bank has a rest equal to or greater than its capital, and his freedom from uneasiness regarding the double liability caused by this condition of affairs will, without doubt, cause him the more readily to subscribe for new issues of capital.

It is interesting to compare the practice of the Canadian banks in this respect with those of the United Kingdom. The table overleaf shows the figures of the going Canadian banks as at September 30, in regard to capital subscribed, capital paid-up, rest and proportion of rest to paid-up capital, and also the figures of an equal number of representative English, Scottish and Irish banks. The statistics of the latter are as at June 30, and as regard capital and reserves are extracted from the London Economist's newly published half-year banking supplement. This table suggests that the Canadian practice favours a larger rest than does the practice of the United Kingdom. Whereas twelve of the Canadian banks out of twenty-seven have a rest fund either equal to or above the amount of their paid-up capital, only seven of the twenty-seven representative banks of the United