

excess of its paid-up capital of \$1,061,665. This is, however, almost entirely covered by the deposit of \$1,000,000 in the Central Gold Reserve, so that only a small amount of this extra circulation would be subject to taxation. Deposits show little change in comparison with a year ago. Non-interest bearing deposits are about \$200,000 lower at \$45,134,957 while interest-bearing deposits show a rise of \$2,500,000 to \$144,437,882.

In regard to the Bank's loans the outstanding feature is the large advance in current loans, which have increased during the year by over \$15,000,000 from \$118,869,751 to \$134,163,473. Practically all this advance, it is safe to say, was in loans to Canadian customers. The strong demand for these loans was met in various ways. Foreign call loans were reduced by nearly \$4,000,000 from \$55,158,632 to \$51,240,795; security holdings were lowered by over \$2,000,000 from \$15,059,682 to \$12,934,051; and there was a sharp decrease of \$8,000,000 in foreign bank balances from \$14,133,604 to \$6,126,730. It is clear from this statement that the problems of a difficult year have been admirably met by the Bank's management and that the Bank is in an excellent position to meet those presented by the future.

LONDON AUTHORITY APPROVES OF CANADIAN BANKING LAW.

As a "new" country passes from stage to stage in its opening up and general development, its Government is faced with a continuous series of obstacles to be surmounted, dangers to be avoided, financial, economic, and administrative problems to be solved. But in point of importance and of difficulty no problem exceeds that of establishing and maintaining a sound and elastic banking system, says the *London Economist*. The achievement of this task constitutes the greatest safeguard against the hundred and one perils that follow in the train of rapid development and heavy borrowing. In this respect Canada has been most fortunate, for she has been able to boast among her administrators a series of men who, by their ability and financial knowledge, have succeeded in elaborating a system which has often evoked the envy of other countries. Indeed, only a very few months ago President Woodrow Wilson, comparing the two countries, is reported as saying: "Canada is vastly ahead of us in things that make for more orderly life and steady business. We have staggered from panic to panic, while their banking system, their financial system, and their corporation system are on a stable basis that we have not known or reached. America is far behind." The history of Canadian banking may be said to begin with the years 1821 and 1822, when the Provinces of Ontario and Quebec granted charters. Other provinces quickly followed suit. All these early charters were on the same plan; they were taken as the basis for the Canadian Bank Act of 1871, from which, although revision has been applied from time to time, no really radical changes have been made. Of course, the banking system in the Dominion, as elsewhere

has had its weak spots, bad banking, and occasional failures; but, generally speaking, the system has proved itself capable of withstanding creditably crises which caused much more serious dislocation elsewhere.

ADVANTAGES OF PERIODICAL REVISION.

A feature of the Dominion Bank Law is the obligation for a revision every ten years. Thus every decade legislators are able calmly and leisurely to review the position in the light of recent experience, and to discuss with the leading authorities possible readjustment of detail. Moreover, this statutory periodical revision saves the Dominion from the sudden outcries for reform which are prominent in the financial and political-financial circles in the United States and other countries. Nor must it be forgotten, when credit is given to the Canadian for working out his own banking salvation, that the guiding hand of the Colonial Office has not seldom lent valuable assistance by the employment of its veto on ill-considered proposals and dangerous departures from the bed-rock principles of the system.

The strongest points of the system are the elasticity of the note issue and the widespread network of branches—two features essential to the many-sided development of the hitherto untouched resources of a new country. An interesting clause of the revised Bank Act which has recently come into force is that the banks in future will have to state their loans to municipalities. This is of importance, in view of the rather common idea that Canadian banks are so heavily loaded with loans to municipalities that the difficulty of floating issues on the London market is a very serious matter for them, because the loans tend to become fixtures. These items, therefore, in the latest reports of the Canadian banks deserve attention. It will be seen that the amount of such loans in the aggregate is very large. In view of the common anxiety expressed at present as to the inflation of Canadian land values, it is, perhaps, worth while to repeat here the well-known fact that Canadian banks are not permitted to make advances on the security of real estate.

COST OF LIVING STILL GOING UP.

The Department of Labour's index number of wholesale prices stood at 136.8 for October, 1913, as compared with 136.0 in September, and 135.0 for October last year. Corn, peas, Ontario barley, hay and bran were higher, but wheat, flaxseed, western oats and barley were lower. Cattle and beef were higher, but hogs and hog products continued to decline. All dairy products were higher except cheese. Fresh Canadian fruits and potatoes advanced, but imported fruits, beans, onions and canned vegetables were lower. Record prices for jute and the highest price for cotton since 1911 raised the level of textiles. Copper, brass and lead were up, but steel, tin, quicksilver and silver were lower. Brooms were steeply up. Rope and raw rubber declined. In retail prices, meats, eggs, milk and butter were higher, but there was a general decline in potatoes as the crop came on the market. Beans, flour, rolled oats and sugar showed weaker tendencies, while evaporated apples and coal were upward. As above stated, the general effect of the month's changes was to send the level distinctly higher.