

make a profit, while it pays for the accommodation, and is not, therefore, given an enlargement of its franchise.

Many Canadian bankers will probably agree as to the necessity of an increase in capital, but not on account of need during the crop movement alone. In connection with this point, may be mentioned the rest funds, which Professor Johnson says have been increased to abnormal figures chiefly by sentiment. Here, again, we think a large number of general managers will agree. Some years ago, the Canadian banks as a whole did not place extraordinary reliance on the reserve fund. Glancing at the banking statistics some years back, one finds that a reserve fund equal to fifty per cent. of the capital was about the highest figure.

Then one bank or more set the pace for larger rest funds, advertising this feature as one of creditable strength. To-day several banks have a reserve fund exceeding one hundred per cent. of the capital. Yet when new circulation is required they will issue new capital, paid in often at 200, while this circulating power might be obtained by merely turning some of the rest into capital. One day possibly some Canadian bank will throw useless sentiment to the four winds, reducing its reserve and increasing its capital by the amount of the reduction. It is the same lack of unity and the existence of keen competition which has, up to the present, prevented this being done.

After saying that Canadian banks compete just as much as the American banks, Professor Johnson adds that the Canadian banks constitute practically one institution. That is fundamentally true. Our banking system is a national institution. Our idea is that it should be one of the powers of Canada, and that its aim should be to evolve a stronger Canada. In the United States the aim is the profit-making of the individual bank in its own town. The proof of this is in the panic. In this country in times of panic three or four banks can settle everything. In such times the banking system of the United States is shown to be the worst in the world by the bad panics that that country suffers. No other country in the world is subject to such panics as the United States. Canadian banks are able to take care of Canada, but the United States banks are not able to take care of the United States.

The question of bank inspection will undoubtedly be discussed at the decennial revision of the Bank Act during the coming session of parliament. Logically, says Professor Johnson, the power of inspection ought to be invested in the Canadian Bankers' Association. This was suggested by The Monetary Times some time ago, and we believe this innovation would find favor with the majority of our bankers. "The associated bankers," says the writer of the monograph, "should certainly be able to devise an inspection system which, while not injuring the interests of any particular bank, would both satisfy and protect the public." Such inspection should become an improvement of the Canadian banking system. The objection might be raised that the association would exercise undue pressure upon one or other of the banks. One of the objects of that corporation is to promote generally the interest and efficiency of banks and bank officers. It would seem to be in keeping with the nature of that association to undertake this new work.

As is known, this organization consists of members and associates, the members being banks carrying on business in Canada, and the associates consisting of such officers of the various banks which are members as are elected from time to time by the executive council of the association. The objection might be raised that this would be a case of many bankers being responsible for the inspection of banks individual. Admitting this, it seems most unlikely that any collaboration with a view to the hiding of facts could occur. One way to obviate such an objection would be to have government representation on the Bankers' Association, if not generally, then simply for the inspection department. This combination would give the public the benefit of the best practical banking

knowledge in Canada, together with government watchfulness. Objections may be raised to this suggestion, although it seems to be a compromise which might satisfy bankers, the government and the public, at the same time dividing responsibility and obviating to some extent possible danger.

With Professor Johnson's expression of regret because of the seeming indifference of Canadian bankers with regard to the education of their employees, we presume that many general managers will sympathize. In this connection he says: "When a boy at the age of fifteen enters a Canadian bank, he leaves all hope of education behind. He will learn a great deal 'by doing' and by contact with strong and successful men, but he will have little chance to improve his mind by systematic study or through attendance upon lectures. His hours will be long, and, from the American point of view, his pay will be small. If he has an iron constitution, sound nerves and an unconquerable stomach, together with a clear head, a steady will, and a good character, he will some day be manager of a branch, and perhaps a general manager. But he will have to work out his own salvation without the aid or encouragement of the world's best thought and experience. It is to be hoped that the older bankers of Canada will get a conviction of sin on this subject, and through their Bankers' Association make some provision for the intellectual growth of the young fellows in their employ. If they fail on this score, the time may come when the staffs of the Canadian banks, despite their prestige, may no longer contain men of the quality necessary to the making of a first-class general manager."

Promotion in Canadian banking spheres is comparatively rapid, and the appointment of branch managers is fairly frequent because of the establishment of new branch banks. The majority of the men engaged in Canadian banking, from the junior to the accountant, have in the past been given a plethora of facilities with which to equip themselves with the knowledge and qualifications necessary to become a capable branch manager. It may be, too, that the branch manager himself would be glad of greater opportunities to study the Canadian and other banking systems and their practical operation. With the branch bank system it is vital that an army of well-trained, intelligent, capable and well-informed men should exist. From that army are drawn the officers for the higher positions. In time, we think that this need will lead to the establishment of a Bankers' Institute in Canada.

#### HUDSON BAY DEVELOPMENT.

A year's survey has been completed of the country between The Pas and Landing Lake, a distance of 200 miles, or about half the distance to be traversed by the proposed Hudson Bay Railway. Mr. W. J. Clifford, the engineer in charge of the survey, encountered few obstacles to the laying of steel, and discovered the presence of valuable minerals and other natural resources. Two other parties are working towards York and Churchill, respectively. With the information acquired by three land survey parties, together with that gathered by the hydrographic surveyors at the mouths of the Nelson and the Churchill, the Dominion government should soon be in a position to commence practical work on the Hudson Bay route.

No less interesting is the report of the Hon. William Ogilvie that within a reasonable distance of the railway, hydro-electric current is available to the extent of at least a million horse-power. Little by little we are learning of our vast resources.

Ontario has always had its eye on Hudson Bay, as perhaps its only possible seaport. The eastern province has a long coast line on James Bay, but the water is shallow. There is no port on Hudson Bay nearer than Port Nelson at the mouth of the Hayes River. Under the division of Keewatin, this port will be well within Mani-