AN AUSTRALIAN ON CANADA'S NOTE ISSUES.

The "Review," the Australasian journal of Banking, Insurance and Finance, has a lengthy editorial commenting upon the article in THE CHRONICE in reference to the note issues of Canadian banks. We do not quite follow our contemporary in some passages. One remark is:

"The principle of allowing banks to issue notes in any proportion of their capital without making any examination and discovery as to what may have become of that capital, is not as sound as it might be."

To make an "examination and discovery" as to what may have become of a bank's capital, as a preliminary step to such bank being granted the privilege of issuing notes, would be wholly impracticable. A bank on opening its doors has only the funds provided by its capital apart from other funds for a short period. It begins to accept deposits from the moment its doors are opened for business. Thus the disposition made by the funds provided by the capital cannot be distinguished from the use made of funds provided by deposits, consequently, it would be wholly impossible to make an examination of what had become of a bank's capital, prior to, or succeeding it being allowed to issue notes. Even were it feasible to distinguish between the loans and discounts exclusively made out of the funds provided by capital, and those made out of the deposits, there would still be the difficulty of judging the quality of such loans and discounts, which would have to be undertaken in order to give value to any judgment regarding them as an indication of the bank's claim to have the right to issue notes. To grant a bank the privilege of issuing notes because its capital was primarily well invested in loans and discounts would be no guarantee of the business being continued on the lines of safety and prudence. The "Australian Review" says:

"It is evident that while under some circumstances it might be wise to allow banks to issue notes to more than double the amount of their paid-up capital, it might, under other circumstances, be unwise to allow them to issue notes even to the value of their capital. The fact of a bank being allowed to issue notes at all should afford presumptive evidence of that bank's ability to discharge all its debts, if the same were demanded."

We fear such presumptive evidence could not be obtained without an expert examination of the bank's assets, that is, its loans and discounts, as, upon their representing good value for their face amounts largely depends "a bank's ability to discharge all its debts, if the same were demanded." The "Review," however, after having given careful consideration to the statistics, we presented in connection with an article on the need of extending the note issues of our banks, draws this conclusion:

"We have no doubt at all that in the case of the Canadian banks an extension of the issue limit would be as safe as it would be useful. The additional circulation is needed for the legitimate demands of extending commerce, not to feed the excitement of a boom."

Our contemporary's judgment, as it endorses that of THE CHRONICLE, is appreciated.

A LIFE INSURANCE COMPANY, to have its head office in Toronto, gives notice of application for act of incorporation, the name of the company not being given in the official notice.

PROMINENT TOPICS.

The Finance Minister in introducing the Bill authorizing an additional loan stated briefly the financial position of the Government in this respect. The last Act passed to increase the borrowing power was in 1897, the amount being $15,000,000. At the time the Act was passed the amount available was $8,611,752, which made the total sum available by borrowing $23,611,752. Under the authority then given a loan was negotiated in 1897 at 2½ per cent. for two million pounds, less than $10,000,000. Temporary loans have been raised amounting to $6,083,333 and the deposits in the Government Savings Banks have increased $9,648,180, which are utilized as a loan. These transactions have exhausted the borrowing powers of the Government. The temporary loan was secured from the Bank of Montreal at 3¼ per cent. for the bulk of it and a trifle more for a small portion. The last loan negotiated bore 2¼ per cent., the authorized minimum was 91 and the stock yielded £91 10 5, which was equal to 2.83 per cent. The Finance Minister does not expect it becoming necessary to go into the market for a loan during the present calendar year, that is, the year ending 31st December, as the conditions at present are not as favourable as they are likely to be when the war is over. There is, however, no likelihood of any sudden change in the value of money when peace is declared, heavy expenditures will continue for some time after the settlement, and existing obligations will not be cancelled by a peace proclamation. The money market will be easier, no doubt, after the war, but cheap money is in the distance.

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The city was startled some days ago by hearing that the City Hall was in the hands of the Sheriff under warrant of the Court, the seizure being made to recover damages and costs it had awarded to a suitor in an action against the city. The Sheriff's officer showed no respect of persons, but seized all the cash in the Treasurer's vault, and laid their rude hands upon the Mayor's chair and furniture in the mayoralty parlour. Naturally, the seizure caused a great scandal outside the city, where it was made the motive of sensational reports highly derogatory to the citizens of Montreal and calculated to injure the city's credit. This is not the first time the Sheriff has been in possession of the City Hall. Some years ago, in the regime next prior to Mayor Prefontaine, a seizure was made by a creditor of the city, but the then Mayor, realizing the mischief such an incident might cause to the credit of Montreal, went promptly to the relief of the situation, and, in very quick time, caused the siege of the Sheriff's