Ontario. The price per pound for each was, however, a little higher than in 1906. Still, products to the value of $400,000 is not a sufficient annual output from these factories.

Like the other provinces, New Brunswick suffered from the backward spring, the lack of sunshine and the early frost. Both political parties are talking more about the inauguration of new systems and are also doing more to accelerate agricultural development. If there is as much action as talk, the continued progress of New Brunswick is assured.

A DIFFERENCE OF OPINION

THE editor of a weekly journal is a busy man. He seldom has time to read the published opinions of his brethren, save in hasty snatches. This hurry of the sanctum must be held to account for the "Christian Guardian's" criticism of a "Canadian Courier" reflection in the issue of January 25th. In a burning paragraph the editor of the former weekly takes the latter to task for stating that moderation in drinking is a refinement which goes with a highly-developed civilisation. This lonely half of a sentence, bereft of the context, is made to mean shocking things and the editor of this journal is solemnly assured that common-sense is a quality lacking in his mental make-up, while the right of the "Canadian Courier" to the adjective "national" is the subject of grave doubt. However, worst of all, ancient Rome, that horrible example for all time, is flung at the young journal, whose editor is advised to read the inner history of that imperial power in order to see what happened to Nero, Caligula and the rest of them. The volumes by the late Edward Gibbon make excellent light reading but are hardly relevant to this question of beverages. It is to be regretted that the editor of so excellent a journal as the "Christian Guardian" does not agree with the "Canadian Courier" that moderate drinking is a mark of higher civilisation than that in which excessive drinking is the rule. Probably in the highest civilisation of all, intoxicating drinks will be excluded; but, in the meantime, it is the firm belief of the editor of this journal that social restraint in such matters is conducive to physical and political well-being. Temperance in all affairs is a desirable quality—even in editorial utterances regarding the flamboyance of a well-meaning contemporary.

GOVERNMENT INSPECTION OF BANKS

GOVERNMENT inspection is one great need of the Canadian banks. The good banks need not fear it; the poor banks would suffer according to their weaknesses. The public interests would be safeguarded. When Mr. AEmilius Jarvis took charge of the Sovereign Bank last spring and investigated its affairs, he made a verbal report to the shareholders at the time of the annual meeting in June. He said: "I find that some of your largest losses are in accounts never authorised by or never reported to the directors; in fact, in some cases the directors were kept in total ignorance of their existence." Similarly in the case of the Ontario Bank, the president and directors disclaimed any knowledge of many transactions which had been put through by the general manager. From this evidence, the outsider must conclude that even a strong directorate is little guarantee against a designing or unscrupulous manager. Only outside inspection and audit can be relied upon to discover irregularities or unauthorised transactions.

At least two Canadian banks have recognised the principle of an independent audit on behalf of the shareholders, and have voluntarily adopted the practice. There is little doubt that a general inspection by the Government would receive strong support from the Bankers' Association. When the country was young, the banking institutions small, and the volume of transactions limited, government inspection may not have been necessary. To-day, the transactions are large, more numerous and more complicated. The sworn monthly returns are a safeguard but apparently not an all-sufficient safeguard.

Canada is proud of the efficiency, stability and solidarity of her banking institutions. The way in which both the Ontario and the Sovereign were absorbed by the other banks without causing even a shiver among depositors and note-holders is a tremendous exhibition of financial efficiency and resource. The twelve banks, which took over the business of the Sovereign in one night and assumed all its obligations between one day's banking hours and the next, performed a financial task worthy of considerable public appreciation and recognition. Nevertheless, neither these public-spirited institutions nor the general public can be anxious to see such a performance repeated, in spite of its brilliancy. Heroic deeds are always pleasant to the beholder, but the necessity for such occasions must not come through recklessness. Government inspection of an efficient character might have prevented the necessity for the magnificent financial readjustment which the occasion brought forth. Moreover, even twelve strong banks cannot take over an institution with thirteen millions of liabilities and as many millions of assets without some disturbance of their own and the public's business.

The great objection to Government inspection is that it relieves the directors of a responsibility which should be theirs and theirs only. Yet, Government inspection and audit would not affect the legal position of directors, nor alter the provisions of the Criminal Code as to neglect or misuse of funds. If directors do not direct and if the Criminal Code is not effective to prevent financial institutions from reckless management, the situation can hardly be rendered worse than it is by adding Government inspection to the list of safeguards.

THE POWER OF A PANIC

THOSE who have never been in a "panicky" crowd have escaped a superlatively harrowing experience. There have been several instances, during the last month, of the dire havoc wrought by a crowd, transformed by fear or animal excitement, into an unreasoning but fearfully powerful mass. The psychology of the crowd has been discussed more ably by the French than by any other writers. It is a fascinating subject to most of us because it involves elements which our civilisation is apt to forget. Who that has heard it can ever forget that first ominous rumbling which shows that the control marking the high-class individual is giving way before the curious madness which fashions the crushing, trampling, frenzied mob? The helplessness of childhood, the weakness of womanhood make no appeal to that hurrying, wild-eyed Thing we call a panic-stricken crowd. To feel its force is one of the red moments of a lifetime; but, even more vivid, is the recollection of some strong figure which rose above the occasion and turned a terror into a triumph. The man who can keep his head and use his voice with the personality behind it to quiet the surging crowd is the born ruler, whether in the physical or the spiritual world. The worst condition imaginable is that of anarchy when there disappears all that makes humanity more than a stampeded herd.

In this country of superb distances and scattered population the experience of panic is likely to be rare. Where there is more than elbow-room for the people, the physical horror of such scenes as those in the English play-house and the Pennsylvania theatre is not likely to occur. But there are panics and panics and no country is immune from the intellectual hysteria which occasionally seizes the public. The spirit of the crowd is seldom "the still small voice" of common-sense and justice.

BANKS AND CALL LOANS

SO much has been said about the banks and their relation to the public, that the subject is becoming somewhat threadbare. The discussion, both here and in the United States, has now resolved itself into one dealing with "call loans." On the southern side of the Line, the journalist, the economist, and the business man have combined to protest against the call loan system whereby Wall Street gets from the banks enough money to fly all sorts of financial kites and to place fictitious values on marketable stocks. They claim that if Wall Street could not get these call loans, stock prices would hover near the investment point all the time and financial panics would be practically unknown. The journals are pointing out that call loans are not considered legitimate banking by the larger national banks of Europe, and that this feature of United States finance is not supported by any reputable international authority.

In Canada, there is much the same feeling. The larger Canadian banks invest their surplus funds in call loans in New York as well as in call loans at home. The feeling is growing, even among financiers themselves, that the call loan business must be put upon a different basis. When the Sovereign Bank advanced two million dollars on the stock and bonds of an electric railway running out of Chicago, the absurdity of the system was manifest. This was the call loan system gone mad.

No doubt the bankers themselves will suggest a remedy in the form of a limitation. These gentlemen are directly and vitally interested in seeing that the Canadian banking system is kept sound and reliable. Further, they fully realise that, if the improvements do not come from themselves, some meddling law-maker or some ambitious journalist will undertake to stampede the public and parliament to pass restrictive legislation which may be harmful. The experiences of the past year are such as few of the bankers would care to have duplicated. The managers have certainly lived a strenuous life.

It is a case of stock-gambling versus sound banking, and sound banking must win. It cannot be otherwise.