NEITHER SCAPE-GOAT NOR FETICH.

Its currency system, however imperfect, cannot be made the scape-goat for the financial troubles of the United States. Nor, on the other hand, should Canada's freedom from acute crisis be credited solely, or in undue measure, to its more efficient and elastic circulating medium. The lack of natural expansibility in bank circulation undoubtedly aggravated the sorry plight of our neighbors once it had arisen. But too great an expansion in banking credits was more essentially the origin of the trouble. Over-trading and over-dependence on credit must inevitably, involve collapse, however carefully a country's formal methods of banking may be developed. Canadians may well take pride in the frequent acknowledgments coming from United States bankers as to superiority in currency methods. But it would be a fatal error to look to any system as a fetich for warding off the evils that would inevitably come in the train of any great over-expansion in business.

It is an interesting circumstance that the United States and Germany—whose notably parallel economic conditions were traced by THE CHRONICLE last week—have most dissimilar currency systems. Indeed, it is in the note-issuing functions of the Central Bank of Germany that many Americans now find an example for changing their own system. Only the other day, Mr. Frank A. Vanderlip, in an address at Columbia University, advocated the German system of a central bank of issue combined with the Scotch system of branch banks—geographical conditions being thought to call for the latter modification. Curiously enough in this connection, a London financial writer of some standing tells American readers that "it is hard to say which has been the more criticized during recent weeks—the inelasticity of your currency, or the extreme elasticity of Germany's. In the one case there has been a howl of protest against the barbaric nature of a currency system which could collapse as suddenly as yours did in a time of stress; yet, on the other hand, the very great facility of the note issue power in Germany has been criticized with almost equal severity, because it is held to have led to such inflation of German trade as would have been absolutely impossible without it."

Those who blame Germany's currency plan for the country's financial difficulties seem even farther astray than those who hold the American system responsible for panic conditions. Both classes of critics cannot be right—it seems certain that each is in great measure wrong. Rather, is the situation summed up by Mr. Andrew Carnegie when he says that no system of currency will obviate seasons of depression, failures and losses, so long as prosperity stretches the lines beyond the breaking point.

But currency reform in days of distress may be a needed palliative ,if not a cure. Undoubtedly too, in times of prosperity certain systems lend themselves less easily than other to abuse, and prove of more avail in seasons of special strain. The United States Congress may, therefore, well give its best deliberations, unbiased by party considerations, to bettering the currency and banking conditions of the country.

PROVINCIAL INSURANCE CHARTERS AND EXTRA-PROVINCIAL POWERS.

The appeal of the Canadian Pacific Railway vs. the Ottawa Insurance Company—an important case involving the extra-provincial rights of insurance corporations—was dismissed by the Supreme Court last week.

The railway company having been beaten in the lower courts, appealed to the Supreme Court. Its argument was that the insurance company was incorporated in the Province of Ontario and had no power to do business outside the boundaries of that province; that the British North America Act in providing for incorporation by the provinces of companies with provincial objects clearly limited the company's range of business to that province.

The dismissal of the appeal is practically a decision by four of the judges—Sir Louis Davies dissenting, however—that companies operating under a provincial charter may do business elsewhere than in that particular province.

The Dominion Government was desirous of having the point referred to the Supreme Court for a decision as to the important constitutional issue involved—the question of the right of provincially incorporated companies all over Canada, representing millions of dollars in capital, to do an extra-provincial business. The origin and progress of the case is thus summarized in the report to The Gazette of Montreal:

The Canadian Pacific Railway Company carried insurance in the Ottawa Company against fires that might be caused by sparks from engines passing along its line through forests of the State of Maine. There was loss, and litigation followed. There was some dispute as to interpretation of the policy, and the question arose as to the power of the company to insure standing timbers. The Railway Company then said to the Insurance Company: "If you are not bound by the policy you should repay the premiums." It sued, but was beaten. When the case came to the Supreme Court last June, the Railway Company raised a new question, as to the right of a company with a provincial charter to do business outside of that from which it got its authority. All the provinces were represented in the argument, and the contention of the Dominion in favour of requiring federal charters was urged by Deputy Minister of Justice Newcombe. The decision of the Supreme Court affirms the judgment of the court below in favour of the Ottawa Fire Insurance Company, and upholds the contention of the provinces on the question of the right to issue charters empowering companies to do an extra-provincial business.

THE SUPREME COURT DECISION in the case of the Grand Trunk Railway Company vs. Robertson upholds the dicision given by Judge Killam, of the Railway Commission, declaring that the railway company is bound by the terms of its charter to run at least one passenger train per day each way between Montreal and Toronto, charging a third-class fare at two cents per mile. The Board of Railway Commissioners meets to-day to hear an application by the Railway Company for a stay of procedure in the case, as it is the intention of the railway company to appeal to the Judicial Committee of the Privy Council in London.