was sent from Hamburg to Toronto, and the freight then was 1.70 dols. per 100 pounds, which worked out for the whole consignment at 17 dol., equivalent to £3 10s., a compared with the charge of £10 17s. 2d. in the case of a similar consignment from the United Kingdom."

The entire matter is one of great interest, and it will be a brave David that slings a stone successfully at the transportation Goliath. And then, too, the steamship companies have a say in the matter. In the meantime, the officials of the Department of Trade and Commerce at Ottawa are investigating the matter.

RIGHTS OF CAPITAL

The famous case respecting the disputed bond money in connection with the Alberta and Great Waterways Railway has come to an end. The Privy Council last week gave judgment in favor of the Royal Bank of Canada and the Railway against the province of Alberta. It is interesting to review briefly the history of the matter, the beginning of which dates back to 1909.

An issue of $7,400,000 5 per cent. fifty-year first mortgage bonds of the Alberta and Great Waterways Railway, guaranteed by the provincial government, was made in London at 110 by Messrs. J. S. Morgan & Company, in December, 1909. The proceeds were placed on deposit in three Canadian banks. The route and length of the road were: Edmonton, north-east of Athabasca River to Fort McMurray, 350 miles. The government pressed the railroad agreement, a crisis occurred, and the provincial cabinet was dissolved.

A royal commission was appointed to investigate the deal. Their report was of little value, material witnesses not having been summoned to give evidence. The provincial government cancelled the railroad agreement, alleging that the company had defaulted bond interest. The provincial government sought the proceeds of the bond sale from the banks which had the money on deposit. The banks refused to hand it over without an order of court.

The provincial government commenced action against the company for the money, and judicial decision was made in favor of the province. An appeal was lodged. The Supreme Court of Alberta, in April, 1912, dismissed the appeal of the Royal Bank from the decision rendered in the lower court. An appeal was then made to the Privy Council, which has just rendered judgment in favor of the bank and the railway.

The Monetary Times intimated some time ago that the English bondholders were not likely to view with equanimity the proposal of Premier Sifton of Alberta, to use in other channel money subscribed specifically to build a railroad. In their judgment, the Privy Council state that "Lenders in London remitted their money in New York to be applied to carrying out a particular scheme. . . . The money claimed in the action was paid to the bank as one of those designated to act in carrying out the scheme. . . . The special account was opened at the bank solely for the purpose of the scheme, and when the action of the Alberta Government in 1910 altered its conditions, the lenders in London were entitled to claim from the bank the money which they had advanced solely for the purpose which had ceased to exist." The judgment is given in some detail on another page.

One of the lessons to be learned by our provincial governments, some of which have shown a slight inclination to allow politics to supplant the rights of capital, is that the rights of the investor in Canada must be respected at all costs, even at the sacrifice of politics. The Royal Bank, in fighting this action to the final tribunal, must be congratulated in having had that principle endorsed by the highest judicial authority in the world. At the same time, we think the entire incident proves the value of Canada's right to submit its cases to the Privy Council, where political and local bias have no sway or consideration whatever.

A QUESTION FOR SIR RODOLPHE

Does Sir Rodolphe Forget consider, in view of the recent publicity respecting his bank and other enterprises, that it is good taste for him to remain as a member of the parliamentary banking and commerce committee, which shapes the financial legislation of this country?

REGULATION OF TRUST COMPANIES

It is pleasing to learn that Honorable W. T. White, Minister of Finance, will introduce next year a general act governing the operation of trust and loan companies providing for closer regulations. No uniform law exists, and charters are granted by both the provincial and Dominion governments. Every year new companies seek new powers and existing companies want extended powers. During a discussion in the banking and commerce committee at Ottawa last week, Mr. White intimated that if trust companies were allowed to receive deposits, their investments should be limited to first mortgages or municipal bonds, and the amount of guarantee should be in proportion to paid-up capital. Mr. F. B. McCurdy, of Halifax, agreed that the proposal to adopt a model trust company bill to apply to all existing companies and to apply to all future applications for charters.

Steps, he thought, should immediately be taken to define whether the power of granting such charters rested with the Dominion or the Provincial legislatures, and legislation shaped accordingly. The name "trust" company was being used to-day in some parts of Canada in a way calculated to mislead, if not to deceive, uninformed investors and others requiring the services of such a company. He said a trust company's operations should be confined to the functions which properly belong to a trust company, and such a company should be, in fact, a trust company, and the capital of such companies should be reserved for the protection of the interest of those people who had entrusted the company with trust business. A large mass of capital had been placed in the hands of trust companies acting under wills and agreements, much of it tied up for very long periods and held for the benefit of widows and orphans, and it was injudicious that under those circumstances such companies should be permitted to engage in speculative ventures, endangering the margin of safety which the company possessed at the time it accepted these trusts.

The regulation of trust companies in Canada is long overdue. There are many companies, using the word "trust," which are transacting business entirely foreign to that of legitimate trust companies. New legislation is badly needed, and it is likely to be such that reputable trust companies will be benefited, while their imitations will be eliminated. *The Monetary Times* proposes to discuss this matter at length in these columns in the near future.

SMALL CHANGE

The arson trust should be given its own medicine.

* * * *

Lemieux—Forget: "After you, my dear Sir Rodolphe."

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Montreal is talking of a 10 per cent. dividend on Power—more elbow to Power.

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The latest problem novel—"What the London Underwriters Took."