should be lowered. If there is a protracted period of dull trade in the States this policy of the great corporations will be in large measure to blame for it. Needless to say a trade depression will have a tendency to ease the bank position.

The money situation in Canada has not undergone striking changes during the week. Call loans are still quoted at 5½ to 6 p.c., but they are not easy to obtain. Although it is true enough that the downfall of the Farmers' Bank of Canada had scarcely any effect in upsetting financial confidence, it is nevertheless the case that its suspension has had a tendency to tighten the market for call loans. For the other banks, especially the newer institutions, would naturally be disposed to run with heavier reserves of specie and legals for a time. In other words there would be a more general disposition to refrain from putting fresh money on the market until such time as it appeared that no further manifestations of uneasiness on the part of the depositing classes were to be expected. Especially will the bankers desire to have their cash reserves a little better than normal during the course of and immediately after the trial of General Manager Travers. Then it has been mentioned that the Montreal and Toronto money markets are concerned in the matter of the Alberta and Great Waterways bond issue. Three of the banks —the Royal, Dominion, and Union—between them hold on deposit a sum of about $8,000,000 representing proceeds of a sale of bonds made in London by the Great Waterways people for the purpose of building a railway in Alberta. The bonds had their sale by virtue of the guarantee of the Province of Alberta. The transaction resulted in the overturning of the Albertan ministry responsible for it. And the new Government has decided that the railway shall not be built, or at any rate that these funds shall not be applied for that purpose. The Province has passed legislation making itself primary obligant upon the bonds, instead of guarantor, and providing for the use of the monies for other purposes. The English holders of the bonds appear to be quite satisfied over this proposed diversion of the proceeds. But the interests who were to build the railway are contesting it vigorously. The banks holding the proceeds have been notified that they will be held responsible if they allow the Province to withdraw the funds in that manner. And the banks have in consequence refused to honor the cheques drawn by the Province upon these accounts. They are said to intend to pay the monies into court when action is brought against them by the Province. If paying the funds into court involves the transfer of the funds to other banks, it may involve some calling of loans. However, the greater part of this calling is likely to be done in New York, not in Canada.

THE CHANGES IN THE BANK ACT.*

In studying the provisions of "The Bank Act 1911," as introduced to the House of Commons by Sir Wilfrid Laurier, the first important change to attract the attention is that providing for notice of the double liability. By this it is stipulated that on each page of the stock book of a bank, and on every power of attorney authorizing the recording of a subscription in the stock book, a copy of section 125 of the Act shall be printed. Section 125 reads as follows: "In the event of the property and assets of the Bank being insufficient to pay its debts and liabilities each shareholder of the bank shall be liable for the deficiency, to an amount equal to the par value of the shares held by him, in addition to any amount not paid up on such shares."

This change is designed to inform subscribers to bank stock of the double liability. In so far as it effects that purpose the amendment will meet with general approbation. Too many of the subscribers to the capital stock of banks organized of late years have undertaken this responsibility without knowing it. We would suggest that the new Act go further than is proposed in the draft. We fear that the printing of the double liability in the stock book and in powers of attorney will not bring it forcibly enough to the investors' attention. Many of them never see the stock book, and too often the power of attorney to accept stock is thrust before them as they are told to "sign here." The copy of section 125 should also be printed in red ink on all certificates of shareholding issued by the bank.

The change to be effected regarding the organization and promotion expenses in connection with starting new banks is right and proper, and the events happening in the cases of one or two banks which never reached the point where they could begin business prove that it is called for. Henceforth when a promoter or organizer fails to get the permission of the Treasury Board to begin operations he cannot retain the monies of subscribers except in so far as they authorize, or in so far as is authorized by a judge of a superior or county court having jurisdiction where the chief office of the bank was fixed.

One of the most important changes is that described in section 56—the shareholders' audit. By it the shareholders are given power to appoint at any annual general meeting, an auditor or auditors to hold office until the next annual general meeting. But, as is well known, the annual meetings, are quite often dominated by the executive. In case the executive of any bank fails to provide at an annual meeting for a shareholders' audit any shareholder may ensure the institution of such an audit by getting the co-operation of other shareholders—whose holdings together with his own must amount to five per cent. of the outstanding capital stock of the bank. They need not call a meeting, and they need not plead with the executive of their own bank. A written application to the executive council of the Canadian Bankers' Association is all that is required. The Act says that the Council of the Association, upon receiving

* Some preliminary references to this subject were made in our issue of last week, p. 1849.