

The average maturity of paper discounted during the year 1907 was twenty-six days, and the average value of bills discounted was 732 francs (\$141). This low average, obtained from the mingling of bills for large amounts with smaller ones, is due to the extent to which the bank discounts or rediscounts bills for small amounts. The minimum limit admitted to discount was lowered in 1898 to 5 francs (96½ cents), and the number of small bills discounted has increased since that time. In 1907 the number of bills below 100 francs (\$19.30) was more than 3,500,000 in a total of 7,500,000. Anyone who is known to the bank can open an account, the minimum being only 500 francs (\$96.50). After an account is opened, the depositor may discount paper for as small a sum as 5 francs, provided it meets other requirements.

Could Control Market.

The bank has for many years charged the lowest rates in Europe almost consecutively for discounting bills.

As a banking establishment, if we thought it advisable to apply different rates, we could easily become the masters of the market. But in our position of Bank of France, organized to serve the interests of public credit in a democratic country, we do not believe ourselves justified to use this option.

As to the method pursued by the bank to maintain its great gold reserve of more than \$600,000,000, M. Pallain said:

"It is a principle consecrated by experience that the supreme means of defense for an issue bank, to protect its metallic reserve, is to raise the rate of discount, and we never lose sight of this principle. However, the extent of our reserves allows us to contemplate without emotion important variations of our metallic stock, and we only exceptionally have recourse to a measure which is always painful for commerce and industry. The stability and the moderation of the rate of discount are considered as precious advantages, which the French market owes to the organization and traditional conduct of the Bank of France."

Relation of Joint Stock Banks.

Taking up the relation of the joint stock banks to the Bank of France, the question was asked whether, if the Credit Lyonnais needed money and brought to the Bank of France acceptable bills, the bank would discount them. The governor stated that this was often done, as this possibility, always open, according to circumstances, is an invaluable resource for credit societies. The founder of the Credit Lyonnais, M. Germain, a competent man in these matters, admitted that if the Bank of France did not exist he would close the Credit Lyonnais—in times of crisis.

In the joint stock banks the liquid cash is small in proportion to the transactions. In France, we consider that the strength of a bank consists more in the composition of its portfolio, i.e., in the value of its commercial bills, rather than in the importance of its cash reserves. The reason for this was stated to be that for the French private banks the proportion of cash to liabilities is less significant on account of the facilities offered by the organization of the Bank of France for the rapid conversion of good assets into ready money. The part played by the central bank toward the private establishments permits the latter, as has many a time been proved, to reduce to a minimum their cash reserves and to devote, without exceptional risk, a larger part perhaps than elsewhere to productive commercial operations.

The following questions were put to Governor Pallain, with his answers to same:

Some Questions and Answers.

"Q. I suppose the relations of the Bank of France with the other banks are cordial; there is no friction? A. We have, as a principle, to be on good terms with everybody, and better with certain persons.

"Q. Do the banks rely implicitly on the Bank of France to grant them credit when they require it? A. They know very well that in times of difficulty we are the supreme resource.

"Q. Does the amount and the character of credit granted to other banks depend on the amount and the character of their accounts at the Bank of France? A. There is no fixed rule, and although the balance of the account is not a matter of indifference, it is more especially the quality of the paper presented which fixes the extent of the credit. In periods of crisis—in 1830, in 1848, in 1870, in 1889—the general council of the bank did not hesitate to come to the assistance of establishments which were in difficulties, but which held assets of unquestioned character and value, by extending to them the largest possible credits."

Members of the commission did not spare the most searching questions in regard to the standing of the Bank of France with the public and with other institutions. M. Pallain was asked point blank, "Is the Bank of France regarded as a bank for banks or as a bank for the people?"

Is Bank of France for People?

His answer to this was that:—"The Bank of France remained for a long time the bank for banks, but since it has covered so much territory with its numerous branches; since the minimum amount of all its operations has been lowered; since it has opened deposit accounts to all; since it has tried to simplify and minimize the formalities required by its special charter, the industrial and commercial world has come to use the bank directly to a much larger

degree. At the same time its credit has come out stronger, firmer, more popular from all the political and financial crises, so much so that to-day one can reply without hesitation that it is already and that it tends to become more and more—as you ask—the bank of all the French public."

In order to determine if the system of monopoly of note issue, which belongs to the Bank of France, was acceptable to the country as well as to the financial community, M. Pallain was asked if there was in any quarter any agitation for a change in this respect.

People Expect Much.

He replied in the negative, but added that the people were always inclined to ask more from the Bank of France—to open new branches; to extend the benefit of its credit to a larger number of places; and to increase the facilities of every kind offered to its customers. Pressed still further to say if there was any demand in banking circles for extending the right of issue to other hands, the reply of M. Pallain to this question was:—

"The unity of issue was achieved in France in 1848, and at no time since then has there been any question in responsible circles, of a possible return to plurality of issue. The same tendency is leading, little by little, to an absolute monopoly in England, Germany and even in Italy. I think that it would also be interesting for you to examine the recent example of Switzerland, which had its note-issue system founded, as in America, on the plurality of banks and which has now substituted for this system one single privileged bank. This transformation has received popular approval by referendum."

PUBLIC UTILITIES COMMISSION

Of Quebec Province Can Take Full Possession of Property and Books of Company to Enforce Obedience to Orders—Proposed Mergers Must Obtain Permission.

The Province of Quebec intends to watch closely the corporation tendency of to-day. No merger in the province can now take place without the consent of the Public Utilities Commission, and any private individual who believes himself aggrieved in any way by a public utility, can lay his complaint directly before the Commission, without any cost or vexatious procedure, and such complaint will receive full consideration.

The Commission following a private session announced that no complaints had so far been laid before the Commission, but that they were ready at any time to receive them through their secretary, and that they would meet on the first Tuesday of every month, in the Vice-Admiralty Court, Quebec, except perhaps during the months of July and August; but that other sittings would be held whenever and wherever business demanded them.

Only Those With Provincial Charter.

Colonel Hibbard, the chairman of the Commission, and Sir George Garneau, acting chairman, as well as Professor Laberge, explained fully the nature of the matters that might occupy the attention of the Commissioners. All public utilities incorporated by the Provincial Legislature are under their control, but not such railway, telephone, and telegraph lines as had received their charters from the Federal authorities. All utility companies under their jurisdiction were, for instance, compelled to report to the Commission fatal accidents occurring on transportation lines operated by them, and also to make to them a half-yearly report. The Commission has been substituted for the Railway Committee of the Executive Council of the Province, and is invested with all its powers.

In investigating complaints of unreasonable tolls for heat, gas, light, fares, or other services supplied by public utility companies, the Commissioners have the right to go into the books and private affairs of the companies, and to employ experts to do so if necessary, in order to ascertain whether or not such charges are reasonable or justifiable, and they may arbitrarily order a reduction of charges if they consider the same necessary or proper. Obedience to the orders of the Commission can be enforced even at the cost of taking full possession of the property and books of the company, or of the cancellation of its charter by the Attorney-General, at the demand of the Commission.

No Writ or Injunction Allowed.

No writ of injunction can be issued by the Superior Court against any act or decision of the Commission, which is itself a court of record, with the powers as to procedure, of the Superior Court, but appeals from its decisions may be taken, as from those of the Superior Court to the Court of Appeals.

The Commission may also investigate any matter concerning public utilities which it considers it desirable to investigate, or it may so act upon complaint made to it by the Attorney-General, or by any municipality, company, or private individual.

The Canadian Light and Power Bill was passed by the Private Bills Committee of the Quebec Upper House last week, but an amendment was incorporated saying that any rights to amalgamate with other companies should not apply to the Montreal Light, Heat and Power Company, or affiliated companies.