

under his charge. This is as it should be, and he is wise in making it as attractive as possible. He has recently taken his pencil in hand and added together the joint mileages of the Canadian Northern, Intercolonial, Transcontinental, Grand Trunk and Grand Trunk Pacific railways in Canada and the United States; he has likewise added the number of engines and cars of all descriptions, tons of freight carried on all systems and has concluded the National Railways are, or will be, the greatest railway system in the world. I do not dispute his figures as to mileage, and I do not imagine it is of much public importance whether the gross earnings of the combined systems are greater or less than the Canadian Pacific. Up to the present, they are less, although the mileage is greater, but I do say that the test of the best or worst railway is not necessarily determined by mileage, and 'best' and 'biggest' are not necessarily synonymous terms. Companies must stand or fall on the character of the service they render, and if one railway's service is consistently better than another's, if its officers are more efficient, its service more expeditious and its business transactions with the public more satisfactory, it is the railway which will be rightly regarded as the best, whether its mileage be somewhat more or somewhat less than its rival's."

THE "MADE-IN-CANADA" CAMPAIGN

ABOUT one year ago the executive council of the Canadian Manufacturers' Association decided to intensify the "made-in-Canada" campaign which has been carried on for years. The association through its head office and branches, enlisted the co-operation of public bodies and other organizations. Attention was called to the fact that the United States sells Canada nearly double what we sell them, and this condition has an important bearing upon the exchange situation. The association co-operated also with organizations of engineers and architects with a view to encouraging them to specify Canadian material whenever possible in Canadian contracts. Representations were made to the government and to the legislatures urging upon them the necessity of purchasing Canadian goods, so far as practicable, for all government requirements. Various women's organizations passed resolutions urging upon women buyers the necessity of patronizing goods produced in this country. Exhibitions of "made-in-Canada" goods are being promoted at home and abroad. Labor papers also gave strong support to the campaign, advising the purchase of goods made by Canadian workers.

Another appeal is now made to the members of the association, under date of January 28th. Advertisers are requested to indicate that their goods are Canadian made, and to use Canadian products where possible in their own concerns.

CONTROL OF COMPANY PROMOTION

"BLUE sky law," so-called because it aimed to check the sale of corner lots in the blue sky, has been a leading experiment in financial legislation during the past ten years. Its enactment has been the bogy of crooks, but its operation has been the despair of reformers. Experience in this kind of legislation was described by Thomas Mulvey, under-secretary of state for Canada, to the manufacturers of Toronto on January 29th.

The first blue sky law was passed in the state of Kansas in 1911, and provided that the state banking commissioner should pass on the merits of securities before they should be offered. Two questions arise in considering legislation of this kind, said Mr. Mulvey. The first is whether such legislation is founded on good principles; and second, if the underlying principles are sound, whether it can effectively be carried into operation. Referring to the former question, Mr. Mulvey said that it "hits at freedom of contract and individual responsibility and invokes bureaucratic methods which must be intolerable. No doubt great

losses are sustained through fraudulent promotions just as there is great distress, misery and want through intemperance, but it is dangerous to introduce measures which, in their operation, may create greater evils than those they are intended to allay."

Mr. Mulvey also showed that in operation, such legislation had been far from satisfactory. The subject was recently investigated by a New York State commission, and the majority report was against any legislation of the kind. It favored, on the other hand, conferring authority on the attorney-general to investigate commercial frauds on the complaint of any one defrauded. A minority report favored regulations similar to those provided in the British Companies Act.

Several provinces in Canada have considered legislation of this kind, and Manitoba has for some time had on its statute books a Sale of Shares Act containing provisions for the examination of companies proposing to offer securities for sale. A bill was introduced at the last session of the Ontario House, but withdrawn when certain difficulties were pointed out. Saskatchewan now has a similar bill under consideration. It is certainly desirable that any legislation of this kind should err on the side of moderation, for the harm that results from hampering legitimate development more than offsets the saving in preventing fraudulent issues.

One thing of which Mr. Mulvey spoke favorably was the issue of shares with no par value. When asked for his personal opinion on the advisability of blue sky legislation, he said he thought sufficient control could be exercised through provisions in the company's acts of the provinces.

ROUNDING OFF BANKING SERVICE

IN this issue of *The Monetary Times* the address given by R. F. McWilliams, of Winnipeg, to the convention of rural credits societies at Winnipeg, is given in summarized form. It may seem that the space given to his movement is out of proportion to the volume of business handled by the rural credit societies, but in view of the continued agitation for a change in the banking system it is desirable to know the possibilities, and also the limitations, of the Manitoba Rural Credits' Act. While G. W. Prout initiated the movement and fathered the act through the provincial legislature, it was Mr. McWilliams who actually drafted it, and he therefore speaks with authority regarding the legal position of lender and borrower under it.

The west is responsible for most of the agitation for banking reform. A resolution was passed by the Saskatchewan legislature in 1916, asking the federal government to enable the formation of agricultural banks. As recently as January 27th Hon. W. F. A. Turgeon, attorney-general for Saskatchewan, spoke in the legislature in favor of jurisdiction being given to the provinces in matters of banking, by amendment to the British North America Act. W. T. Badger, member for Rosetown, Sask., suggested that the provincial government might be a shareholder in such banks to the extent of about fifty per cent. Should a farmers' government come into power at Ottawa, the door would then be open to changes of this kind.

The rural credit societies of Manitoba have proved a fairly effective link between the bank and the agricultural borrower. At the same time no saving in cost is apparent. The assumption of responsibility by the local society makes the security satisfactory to the bank, and an intimate knowledge of the affairs of each borrower is therefore not necessary. Through being relieved of this work, the bank is able to lend at the rate of six per cent. The arrangement is, therefore, a division rather than a saving of work. Similar results might be obtained by the organization of local banks to supplement the chartered banks, but in any case the latter must remain the distributors of funds. That policy which looks to a maximum of safety and profit, applied in competition with the other banks, must result in the most economical distribution of bank funds through the different sections of the Dominion.