tion whether the other bank's business is worth the price. If the management of the bank to be absorbed has been a little loose or inefficient the absorbing bank might easily be involved in some losses which could be quite serious from its stockholders' point of view.

The recent rise in Canadian Pacific stock has caused rumors of fresh financing on the part of the company. It is said that another issue of common stock at 150 may be made and that sooner or later the stock may be split into several classes or subsidiary companies. The payments on the last stock issue of $18,000,000 will not be completed until October. When that is all taken up the common stock will stand at $198,000,000. Perhaps the company might then sell $2,000,000 of stock on the market in order to bring the capital to the round $200,000,000, and thus facilitate fresh financing.

GOVERNMENT INSPECTION CANNOT PREVENT THE HEAVY LOSSES CAUSED BY BAD BANKING METHODS.

Each year the system of examination of banks—national and state—in the United States, is made stricter and more detailed. The Comptroller of the Currency and the various state banking departments are all the time instituting changes and improvements designed to remedy defects of practice and to lessen the frightful waste of capital which attends the operation of the multitudes of small single office banks in the neighboring country. But, if one may judge from the record of bank failures, defalcations, etc., these efforts are of little avail. To be sure, the maze of governmental restrictions and regulations serves some purpose apparently in protecting bank depositors and creditors, but it can do little to safeguard the stockholders. Nothing that any government can do will save the stockholders of banks which are inefficiently or corruptly managed from suffering heavy losses. Under the system of banking prevailing in the United States, one may always be certain that there are hundreds of institutions in incapable or dishonest hands. That fact will in nowise be altered when the new scheme for a National Reserve Association goes into effect—if it ever does go into effect. Hon. W. T. White, Canada's Finance Minister, recently expressed his doubts as to the advisability of instituting government examination of banks in this country. It is well worth while to take note of the more recent instances of banking losses in the United States, in order to show how favorably Canada's position contrasts with conditions on the other side of the boundary.

Taking the last five months, it will be noticed that bank depositors and bank stockholders in Canada have suffered no loss whatever through bank failure or breakdown in that period. It is almost safe to say that there is not a single case in which depreciation has occurred in the stock of any chartered bank in Canada since the closing months of 1911. In most cases the quotations are somewhat higher; and in some cases the appreciation has amounted to a respectable figure. Bank stockholders in the United States have not had an experience so uniformly favorable. At the beginning of December the Comptroller of the Currency announced the closing of the Union National Bank of Columbus, Ohio, an institution with liabilities of $3,600,000. According to the information given out by the Washington Department, "The failure involved a possible loss of $860,000. Assets to that extent, covering the institution's capital, surplus, and undivided profits, are reported to be of questionable value." In that case the stockholders were faced with the loss of their entire investment and probably they would be required to pay something on account of the double liability on their shares.

Then the New Year had scarcely opened when a small bank in Michigan—the Albion National—was closed on account of forgeries amounting to $144,098. This bank's deposits were $200,000; the capital, surplus and undivided profits amounted to $63,356, of which $50,000 represented capital. In that case a call for the full 100 per cent. of double liability was apparently to be expected and even after the call was met the depositors had to anticipate the loss of a considerable part of their claims.

On 2nd March, a state bank in Idaho—the Kendrick State Bank—which had been recently closed, had completed plans for reopening. Depositors in the former institution subscribed for $37,500 stock in the reorganized concern in order to enable it to begin again.

A week later—on 9th March—announcement was made that the State Banking Department of Ohio had taken possession of the Columbus Savings and Trust Company with a paid-up capital of $610,000, and deposits of $1,400,000. This failure is said to have been caused by the closing of the Union National Bank in the same city, referred to above. But it appears that bad investments were really responsible. Application for assistance was preferred at the Columbus Clearing House, but the request was refused; and as the securities were not of a character to suit the Banking Department, the bank was closed. The dispatch covering this item concludes: "It is believed that depositors and other creditors will be paid in full, although stockholders will probably suffer."

At the end of March came the information that the American National Bank of Pomona, California, had been looted of $150,000 by one of its bookkeepers. As this bank had a capital of $100,000 and surplus $100,000, a heavy loss for the stockholders is indicated.

Then on 12th April, the newspapers had the news that the First National Bank of New Berlin, New