

some of its money with the Bank of Canada. Furthermore, it is planned that the English corporation will have offices wherever the bank has branches, officers and local managers probably to be the same for both institutions. The promoters claim for their scheme that without violating the Canadian Bank Act, loans could be made on securities which the chartered banks cannot consider, such as real estate for instance. So that in this way the allied institutions would practically transact the business of a mortgage company. It is declared that the details of this scheme have been worked out in accordance with the most skilled legal advice, but there is room to question whether the plan would not be debarred as an evasion of the spirit if not the letter of the Bank Act.

Aside from this consideration, however, there are reasons for doubting the success of the present project. First of these is the lack of support by strong financial men who have had experience in conducting investment and monetary institutions. The list of ten provisional directors, and the twenty other members of the advisory board appointed at the shareholders' meeting on October 26, includes some well and favourably known names; but as a whole it is far from strong when it is considered that a banking institution is concerned. We are credibly informed, too, that a considerable number of the persons on the board were not consulted prior to their election and that some have signified that they will not act. The need of a strong board, from the bank's viewpoint, seems all the more marked because of the very fact that it proposes to depart from usual customs in Canadian banking. And the trying of its new schemes—even if they be feasible in principle—calls for the ablest financial ability obtainable. This it can at present scarcely claim to possess.

There is no doubt that considerable enterprise has been displayed in the bank's promotion advertising, which has apparently aroused some enthusiasm among a certain class of people—but certainly not among the class that can successfully carry to completion so ambitious a scheme. Even those who are enthusiastic in advocating the development of typically Western banking institutions are more than dubious as to the probable success of the proposed Bank of Canada. There is a disposition, however, to resent the acrimonious attacks made by certain eastern publications; and Western *amour propre* has led some to rally to the bank's cause who would otherwise have ranked themselves with its critics. Ridicule is occasionally an effective weapon in a good fight—but relied on too constantly is apt to defeat its own ends. As one Winnipeg gentleman remarked to a representative of THE CHRONICLE: "There is no sense in holding up one's hands in holy horror when the name

of the National Bank is mentioned. I don't think myself the scheme will prove a success, but the proper way is to point out its weaknesses, and not merely to ridicule the thing through and through. Many of us here believe that if a plan such as this were placed before the public in some more business-like form, and at a more appropriate time, the chances of success would be better."

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**The Price of Money
and of other
Commodities.**

It is reported from Chicago that there are already signs of a general decrease in the prices of food products in consequence of the advance in the value of money. The one is, of course, a natural and inevitable sequence of the other. As Bastiat points out, the value of money varies, as much as that of corn, wine, cloth or labour and from the same causes, it undergoes the fluctuations of all other human productions. He adds: "But one circumstance is singular and gives rise to many mistakes. When the value of money varies, the variation is attributed by language to the other productions for which it is exchanged. Thus let us suppose that all the circumstances relative to gold remain the same, and that the corn harvest has failed. The price of corn will rise. It will be said, 'The quarter of corn, which was worth twenty francs, is now worth thirty,' and this will be correct. But let us suppose that all the circumstances relative to corn remain the same, and that half of all the gold in existence is swallowed up, this time it is the price of gold which will rise. It would seem that we ought to say—'This Napoleon, which was worth twenty francs, is now worth forty.' Now do you know how this is expressed? Just as if it was the other objects of comparison which had fallen in price, it is said—'Corn, which was worth twenty francs, is now only worth ten.'"

Bastiat, as an exponent of the "quantity theory," considers this law as relating primarily to gold. There are other economists who maintain that it holds just as surely when extended to all the "credit instruments" by means of which supply and demand determine prices.

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**Canadian Trade
Conditions.**

Canadian trade, according to Bradstreet's last weekly bulletin, is good as a whole, though money is tight and collections are still complained of. Cool weather and the movement of wheat at the Northwest have made for an enlarged trade and for some gain in collections at the West, however. Retail trade is reported as good and little reduction in industrial activity is noted. Failures for the week number 25, as against 39 last week, and 21 in this week a year ago.