

assisted to repentance by the *delicate exorcisms* of the Eastern Extension."

Canada and the United Kingdom, who are each five-eighths shareholders in the cable enterprise, have been firm in their adhesion to the bargain which all the parties freely entered into. The same may be claimed for New Zealand. But New South Wales insisted upon making certain vital concessions to the Eastern Extension Company, when the Pacific cable was still uncompleted, which enabled them to open private offices and conduct private land lines, while Victoria only abstained from doing so because of her partner's protests. "Since then, there have been repeated indications of the influence acquired by that company over Australian statesmen, especially since the Federal Government took over the telegraphic interests of the various States. The culmination has been reached by the proposal to make a ten years' agreement between the Federal Government and the Eastern Extension Company, this agreement according to that company the right to open offices and conduct land lines as well as to practically monopolize the Government cable business." The agreement is, upon the face of it, a most regrettable breach of the spirit, if not of the letter, of a straightforward understanding. True, the managers of the Eastern Extension Company cannot be blamed for defending its interests in every legitimate way. Its shareholders would have very proper grounds for complaint if a strong fight were not being made on the lines to which the company long ago committed itself. The Eastern Extension managers, with all their magnificent planning and tireless energy—for which the Australian colonies owed them much and paid them accordingly—failed to grasp the idea that all modern methods of communication must be made available to the millions, and that profits must be made by them in the vastness of the business rather than by the vastness of individual charges. "Again and again," says the *Herald*, "attempts were made to persuade the company to be reasonable, but invariably these attempts were foiled by the stubborn character of directors who spoke as equals to empires and superiors to colonies. No local compromising with the Company was honorably possible when once the Pacific Cable Board was formed and the subscribing partners not merely contributed the capital for an independent cable, but thereby tacitly pledged themselves to support it. Any honorable compromise, any worthy compact, must come through the negotiations of the Pacific Cable Board, on which the dominant States of Australia, with New Zealand, Canada, and Britain, are jointly represented. To go behind the Board and for temporary local advantage to make with the Company local agreements the effect of which is to divert from the Pacific Cable business to which it is fairly entitled is, to say the least, hard on the other partners." It was naturally imagined that each party to the contract intended to act honorably and that States would not have a lower sense of commercial honor than individuals. But as Hon. Mr. Scott explained in the Canadian House of Commons on Monday last, New South Wales deliberately broke faith by giving the Extension Company admission to their post offices.

Meanwhile, the Canadian-Australian cable does not pay. Since it was opened for business a deficit of \$460,000 is shown, and of this Canada's share will be about \$130,000. Sir Mackenzie Bowell suggests that, as the Eastern Company has agents drumming up cable business in every corner of Australia, the Canadian Commissioner at Sydney be authorized to appoint agents too, in which case he thinks the deficit may soon be made to disappear.

Bad management by the new Cable Company is alleged. At any rate Canada has protested against the injustice complained of. The Canadian Secretary of State declares that he does not think that the Imperial Government has fairly supported Canada in this matter. Some few men in London appreciate Canada's action. Sir Edward Sassoon, for one, realized that but for Canada there would be no cable.

MUNICIPAL BOOK-KEEPING.

An improvement is being gradually effected in the character of the book-keeping in the offices of Canadian municipalities. And truly there was much need. In the Province of Ontario during late years substantial progress has been made in systematizing the records of county, village and town treasurers and clerks by means of proper books of account having been furnished them. And benefit has been done, we doubt not, to that unpopular but sometimes hard-worked official, the tax collector, by the founding of the Provincial Municipal Audit Office, whose chief or his deputies must often have assisted collectors, not only in telling them how best to effect their collections, but also how to keep account of them.

It does not need any better testimony to the value of the office in question, than the fact that municipalities are availing themselves of it in increasing number. In his report for 1902, Mr. J. B. Laing, the Provincial Municipal Auditor, states that the earlier part of the year was remarkable for the number of audits petitioned for by different municipalities, "none of which, however, disclosed any deficits or shortages." Still the audits were "extremely serviceable in starting the municipalities interested in better systems of accounting." There were, however, "numerous cases of bad book-keeping." Later in the year some serious defalcations were unearthed. It happened that Mr. F. H. Macpherson, of Windsor, was making an audit of the affairs of Romney Township, in Kent County, when he came across some data that aroused distrust in his mind as to the accounts of the treasurer of that county. Accordingly he was instructed to look into them, and he found that functionary, A. L. Shambleau, a defaulter in some \$23,000. In this case there was lack of an efficient annual audit of the treasurer's books; the form of land register was imperfect; and no system of reports between the county and local officials existed. Had these checks been employed, such a defalcation must have become known. Shambleau crossed the river to the United States but was compromised with and came back. In the case of Oakville town, it will be remembered that its financial affairs were thrown into disorder by the suicide of its treasurer, Mr. Thomas Howarth, last December. He had received some \$8,000 in taxes from the collector and placed it in a bank to the credit of his own firm, Andrew & Howarth, private bankers, who are in difficulties. An action is pending for the recovery of this sum from the partner of the deceased treasurer. Mr. T. G. Williamson, of Toronto, who reported upon the case to the Provincial Municipal Auditor, states with respect to the condition of affairs: "The town's papers were left mixed up with his firm's papers, and some difficulty was found in procuring the necessary information; . . . and it seems hardly likely under the circumstances that the accounts can be quite complete."

Much consideration is shown by the Auditor for the officers whose accounts he has occasion from time to time so examine. He recognizes in many of them willing and honest officials whose only fault is a lack of "knowing