

The Farmer's Advocate AND HOME MAGAZINE.

THE LEADING AGRICULTURAL JOURNAL
IN THE DOMINION.

PUBLISHED WEEKLY BY
THE WILLIAM WELD COMPANY (LIMITED).

JOHN WELD, MANAGER.

Agents for "The Farmer's Advocate and Home Journal,"
Winnipeg, Man.

1. THE FARMER'S ADVOCATE AND HOME MAGAZINE is published every Thursday. It is impartial and independent of all cliques and parties, handsomely illustrated with original engravings, and furnishes the most practical, reliable and profitable information for farmers, dairymen, gardeners, stockmen and home-makers, of any publication in Canada.
2. TERMS OF SUBSCRIPTION.—In Canada, England, Ireland, Scotland, Newfoundland and New Zealand, \$1.50 per year, in advance; \$2.00 per year when not paid in advance. United States, \$2.50 per year; all other countries 12s.; in advance.
3. ADVERTISING RATES.—Single insertion, 25 cents per line, agents. Contract rates furnished on application.
4. THE FARMER'S ADVOCATE is sent to subscribers until an explicit order is received for its discontinuance. All payments of arrears must be made as required by law.
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12. WE INVITE FARMERS to write us on any agricultural topic. We are always pleased to receive practical articles. For such as we consider valuable we will pay ten cents per inch printed matter. Criticisms of Articles, Suggestions How to Improve "The Farmer's Advocate and Home Magazine," Descriptions of New Grains, Roots or Vegetables not generally known, Particulars of Experiments Tried, or Improved Methods of Cultivation, are each and all welcome. Contributions sent us must not be furnished other papers until after they have appeared in our columns. Rejected matter will be returned on receipt of postage.
13. ALL COMMUNICATIONS in reference to any matter connected with this paper should be addressed as below, and not to any individual connected with the paper.

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THE WILLIAM WELD COMPANY (LIMITED),
LONDON, CANADA.

But this is not all. Mr. McArthur also writes a weekly article for a syndicate, which supplies it to a chain of over a dozen daily and weekly papers throughout Canada. In a recent letter he ventured a paragraph epitomizing his views on the banking situation. In the next letter he dealt with this subject at length. That article was commended by the syndicate editor and sent out to the various papers, but not one of them published a line of it. As Mr. McArthur remarked before the House of Commons Committee on Banking, he never before knew fifteen papers to be so unanimous.

We deem it a duty to state these facts plainly. If there is a money trust in Canada seeking to suppress information which the public should have, it is time the fact were known. We are quite well aware that in taking the course we have chosen, we lay ourselves open to the serious disfavor of the most powerful influence in Canada. We have not acted hastily. But we feel the people's cause must be fought against all odds. It is gratifying to realize that we have the hearty sympathy and approval of the newspaper fraternity throughout Canada, and we are even more fortunate in having solidly behind us the great independent farming community, which has never yet failed to evince appreciation of the journal which champions its cause.

A Bank Commission Needed.

If the recent numerous bank failures in Canada, with their resulting sorrowful disclosures, left any doubt as to the need for efficient compulsory government inspection of the head offices of the banks, it was supplied by the splendid evidence of H. C. McLeod, Ex-General Manager of the Bank of Nova Scotia, called from Europe to appear before the House of Commons Committee on Banking and Commerce. For twenty years he has contended for some system of external inspection or independent audit of the head offices of the banks, in addition to the system of internal inspection by means of which

the various banks voluntarily keep check upon the operations of their branches. The need for such outside inspection is indicated by the admitted fact that in every important case in Canada bank failures have been caused not by the operations of the branches, but by an unsound, imprudent or dishonorable state of affairs at the head offices. In the recent case of the Farmer's Bank, Geoffrey Clarkson, the Liquidator, admitted before the Banking and Commerce Committee that a proper system of inspection would have disclosed the real state of affairs, at least in time to minimize the proportions of the disaster. In fact, with a thorough system of inspection in vogue, it is not probable the bank would ever have been started at all. While still General Manager of the Bank of Nova Scotia, Mr. McLeod instituted a voluntary system of audit, employing an experienced firm of Scottish bank auditors for the purpose. His own bank, he claimed, did not need auditing, but by a good example he hoped to introduce and establish the practice in Canada. Mr. McLeod also wrote and circulated a pamphlet on the subject, which supplies the ground work of fact for everyone who has since discussed the subject. This pamphlet, espousing as it did something much to the distaste of those powerful in the Bankers' Association, experienced no little difficulty in finding the light of newspaper publicity. "The Farmer's Advocate" reviewed it in February, 1910.

When Hon. W. T. White introduced his bill to revise the Bank Act, which has to be passed every ten years to renew the charters of the banks, he included a clause requiring an obligatory annual audit by auditors appointed by the shareholders. These were to be required upon occasion to make a confidential report to the Minister of Finance concerning the affairs of the bank. This plan, whilst a commendable step in the right direction, has been considered inadequate. A shareholders' audit is virtually a directors' audit. The directors are the influential shareholders, and would practically nominate the auditor. The auditor would naturally be reluctant to offend the influence which secured his appointment. Of course, an absolutely honorable auditor would do his duty regardless, but there are auditors and auditors. Furthermore, it is recognized that something more than audit is necessary. Inspection, which takes account of the prudence of management and other factors, is required. The Minister of Finance himself has differentiated clearly between inspection and mere audit.

Mr. McLeod, in his evidence before the Committee, favored an auditing or inspecting commission nominated by the general managers of the banks—not by the Bankers' Association, for he does not believe that organization should exist—the chairmanship of the commission to carry a salary of twenty-five thousand dollars a year, which indicates the calibre and experience of the men he would have chosen. There is no use sending a boy on a big man's errand.

But would a commission appointed solely by bank managers meet all the needs of the case? No doubt it would tend towards upright conservative banking, though even in this regard it might not be successful, for Mr. McLeod admitted that a condition might arise where a single man could dominate the whole situation, albeit he does not think there would be the same danger of it as there is of a one-man domination of the Bankers' Association as at present organized. However this may be, "The Farmer's Advocate" believes a quite different kind of commission is required, and that its function should be much broader than mere audit or even inspection. We have given considerable study to this question, discussing it with bankers, business men, and farmers, weighing various proposals, and finally arriving by a process of elimination at the conclusion which we submitted to the House of Commons Committee. This is, in brief, that there should be a Banking Commission of three or five men appointed by the Minister of Finance. It would be patterned generally after the Railway Commission, and justifiable on similar grounds of public interest. Our bank-

ing system, as a whole, is constituted a virtual monopoly by law, and is, furthermore, in some instances, a geographical monopoly, at least in those localities where the business justifies only one bank, and where the public must, therefore, patronize this one branch or be without convenient banking privileges. Hence the need of making all banks safe as possible. The Commission we have in mind should be absolutely non-political, should comprise men of high character, calibre and public spirit, and should not include a majority of bankers or the nominees of bankers, any more than the railway commission should be nominated by the railroad managers, though one experienced banker might be a very useful member. The commission would be empowered to employ auditors and experts as required, would audit and thoroughly inspect the head office of each bank once a year or oftener, if deemed necessary, and have authority, of course, to go to the branches if desired. It should receive monthly reports from the head offices, and keep close tab upon the whole banking situation. It should have discretionary power to close an insolvent bank before it became hopelessly involved, and see that the banks observed scrupulously the letter of the law, which now they often ignore in certain particulars. It should have authority to investigate alleged cases where credit has been unreasonably withheld at the caprice of a branch or general manager, and to order the extension of judicious accommodation in a clear case, though we would not have the commission interfere hastily or frequently in such matters. Various other provisions proposed as amendments to the Bank Act might well be regulated by such a commission, and it is a moot question whether it might not have a measure of authority to regulate rates of interest and discount, though as to this we are not so certain.

We are convinced that the temper of the country demands such a commission, and that it will inevitably come. If you think so, write your member of parliament and write us.

Smoke Stacks and Schools.

It is significant and hopeful to find the farm labor problem of Canada receiving the conspicuous attention of a fourteen page article in "The University Magazine," the one seriously conducted literary review of Canadian affairs, issued under the auspices of McGill University, of Montreal, the University of Toronto and Dalhousie College, Halifax. It is hopeful, for this reason that those who thus seek to give expression to the enlightened opinion of the country, are getting down to the conditions tending to make or mar its really fundamental "interest." In the view of the writer, Walter Jas. Brown, the situation grows more serious yearly and is the reason for the multiplication of weeds, and the failure to produce the food supplies of which the soil is admittedly capable—for no one man can work one hundred acres to advantage. One might not be prepared to give a straight negative to the writer when he asks "what is the use of spending money on farmers' institutes, short courses in agriculture, field and orchard demonstrations, when farmers cannot get the help to do the necessary work?" He boldly charges that "those in authority are working at the wrong end of the tangled skein." Make their conditions favorable and then bring on the campaign of information for those on the farm or at least let these efforts go hand in hand with first things leading. In analyzing the situation, this article in The University Magazine follows very closely the position taken by "The Farmer's Advocate" as to the causes of existing conditions. Practically since the time of Confederation, it has been in the policies of the country, national, and municipal, a case of smoke stack vs. straw stack, consequently the towns have grown and an unmistakable shift of population has gone on from rural districts to urban centres. The second great cause is laid at the doors of our impractical systems of education. "We are still," says the writer, "in practice, clinging to the idea of the ancient philosophers who taught that it was beneath the dignity of a man of education and ability to do any useful thing."

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