

the gross amount of the balances "due" to the banks by foreign banks and outside agencies and customers was \$9,372,581 less in April than in March, and the gross amount "due" by the banks to banks and agencies and customers outside Canada was \$7,357,649 less than in April.

The two Canadian items of chief importance are the current loans and discounts and the deposits, both of which were increased in April, the former to extent of \$5,629,485, and the latter, \$759,504. Both these compare unfavourably with April, 1903, in which month the current loans and discounts expanded to extent of \$6,878,399, and the deposits were enlarged by \$3,856,350. The circulation also last month was reduced by \$1,110,249, as compared with a decrease in April, 1903, of \$2,405,837. In considering the significance of these reductions, it should be remembered that last year the winter broke up fully a month earlier than it did this year, so that, whatever stimulus is given and addition made to banking business by the advent of Spring were delayed last month to a very unusual degree.

The increase made in the past year, since April 1903, in current loans and discounts in Canada was much larger than any on record for that period, the expansion having been from \$353,170,949 to \$409,196,073, showing the unprecedented increase of \$56,025,124, which is five millions more than the increase between April, 1902, and April, 1903, despite the winter being so prolonged this year and the obstructions to traffic so widespread and so embarrassing to merchants and exporters.

THE NEW LOAN OF THE REPUBLIC OF CUBA.

INVESTMENTS IN FOREIGN BONDS.

The Republic of Cuba has issued a prospectus for a new loan of \$35,000,000 at 5 per cent., payable half-yearly. Subscriptions are invited at 97 per cent., and accrued interest. The bonds representing this loan are dated March 1, 1904, and will mature March 1, 1944. The loan is stated to be secured by the Customs receipts of the Republic, and a special permanent tax upon a variety of manufactured articles. Under the constitution of Cuba, as embodied in an Act of United States Congress, "the Cuban Government shall not assume or contract any public debt to pay the interest upon which and to make reasonable Sinking Fund provision for the ultimate discharge of which, the ordinary revenues of the Island of Cuba, after defraying the current expenses of the Government, shall be inadequate."

The prospectus of this loan does not state the purposes to which the money is intended to be devoted. It is also to be noted that, under the circumstances attending the erection of Cuba into an independent Republic, the future financial needs of this "protégé" of the United States were not provided for by loans guaranteed by the United

States Government. Cuba was wrested from Spain by and subjected for years to the absolute control of the American Government. Three years ago the soldiers of the United States were withdrawn from Cuba, and the Island was left to shift for itself. The right, however, being reserved by the United States to intervene for the preservation of Cuban independence and the maintenance of a Government adequate for the protection of life, property and individual liberty." The question may be asked: "Why did not the United States Government guarantee the Cuban Loan, and so save the Cubans half-a-million or more a year in interest charges? Why, too, should it have been deemed necessary to offer these bonds at 97 per cent. when they bear interest at five per cent? The bonds of Canada at 3 per cent. stand at the same figure as these Cuban bonds at 5 per cent., the 3 1-2 per cent. bonds of Nova Scotia are at the same figure, as also are the 3 1-2 per cent. bonds of this city. Manifestly, when 5 per cent. is offered for bonds to be issued at a discount, the character of the security is somewhat different to the ordinary class.

Those who are familiar with the financial records of tropical and South American republics would not regard a loan to the just fledged Republic of Cuba as a desirable investment for funds of a trust nature. Financiers have not forgotten the failure of the National Bank of Argentina in 1891; nor the financial troubles of Chili in 1898; nor the crises in Brazil in 1897 and 1900; nor the defaulting of Nicaragua in 1894, when interest on the State debt was forced down from 6 per cent. to 4 per cent.; nor the facts that the Republic of Costa Rica, in 1887, was in arrears of interest on its debt, to an amount equal to over three-quarters of the principal, and defaulted in 1895.

The high rate of interest, 5 per cent., is very tempting, but every judicious investor is rather "repelled" than attracted by the promise of an exceptionally high rate of interest. Interest "rates" and security "values" are like balanced buckets in a well, as the former rises, the latter goes down, that is, as interest exceeds the average rate ruling for sound securities, so, proportionately, rises the exceptional "risk" of such securities.

The Island of Cuba has great natural resources, but its reliability as a debtor has yet to be tested. It is, however, to be hoped that its future growth and prosperity, under a stable government, will enable all the obligations of the Republic to be punctually met.

A GALLANT LECTURER is Dr. Allard, who, in a recent address before a company of ladies in Boston, said: "Woman is equal to man in every way but physical strength, and mentally, morally and spiritually his superior." He predicted that, "in ten years, the life insurance rates for women would be lower than for men."