

DIVIDENDS AND BOUNTIES.

The point is often raised as to whether different companies could pay dividends were it not for Government bounties. With some companies the greater portion of the net profits consists of the bounties received. Possibly even the interest on the bonds could not have been paid in some cases, except for bounties. No one knows what Dominion Iron and Steel has been earning during the past year; but there is very little doubt that the cutting off of the bounties would have left the company in a very bad shape in its last completed fiscal year.

It is said that the company is making greater profits on its own account this year. But the increased price it is being compelled to pay for its coal will have a material effect from this forward. That it drew no less than \$957,337 in bounties, during the year ended June last, and was yet unable to pay dividends on either common or preferred stock, is almost a proof of the difficulty it would experience without the assistance of a bounty.

The information occasionally given in the press regarding the actual amount the people of Canada pay out in bounties in order to aid these and other industries, is seldom very accurate or complete. Tables which follow give this information very fully, together with details regarding the distribution of the bounties.

The following statement shows the bounties paid out on the articles mentioned, from July 1st, 1894, till June 30th, 1906, inclusive, by the Dominion Government:—

Pig iron	\$4,336,499
Puddled iron bars	113,362
Steel ingots	3,130,380
Manufactures of steel	678,362
Total iron and steel	\$8,267,612
Lead	770,848
Binder twine	24,320
Crude petroleum	641,204
	\$9,733,984

The following is a statement of the bounties paid out on the articles mentioned during the year ended June 30th, 1906.

Pig iron	\$687,631
Puddled iron bars	5,874
Steel ingots	940,999
Manufactures of steel	369,831
Total iron and steel industries	\$2,004,338
Lead	90,196
Binder twine	15,079
Crude petroleum	291,157

Total bounties paid in 1905-06 \$2,400,771

Bounties paid out on iron and steel, etc. by the Dominion Government, during the past year, were distributed among the various companies, as follows:—

Dominion Iron and Steel	\$957,337
Algoma Steel Company	535,190
Hamilton Steel and Iron Company	206,839
Nova Scotia Steel and Coal	187,692
Londonderry Iron and Mining Company	51,525
Canada Iron Furnace Company (Midland)	32,012
Canada Iron Furnace (Radnor Forges)	8,242
Deseronto Iron Company	13,664
Montreal Rolling Mills	7,386
McDougall, Jno. and Company	4,447
	\$2,004,338

Cents are omitted in the above figures, but are reckoned in the totals.

It is claimed that the Algoma Steel Company is now showing a good profit. During the last fiscal year it received in bounties from the Government no less than \$535,190, and would certainly have had a hard struggle to pull through without this assistance. Although the general reticence regarding the earnings of this company, as well as those of the company previously mentioned, is not a reassuring influence, it is generally thought that each is in a fair way to stand on its own feet presently.

Nova Scotia Steel and Coal was spoken of by one paper recently as declaring dividends on its common stock, out of the bonus received. Had it paid dividends for the year 1905, this remark might have fitted the case. In the year ended June, 1906, it drew \$187,692 in bounties. The profits were largely in excess of that figure, and the directors declared dividends of 6 per cent. for the current calendar year. Should coal and steel remain at present prices, it is probable that these dividends could be maintained, even though the bounties were cut off. This company is as reticent with respect to earnings as are the other two. So little can be learned until the next annual report comes round.

BANK AUDITS AND BANK DIRECTION.

There was a time when the banker placed himself upon a pinnacle and gazed down with more or less condescension upon the multitude beneath. The public were content to place their savings in the care of the banker. The management troubled them not. Their humility was an object lesson. For some strange reason many depositors imagined the bank was conferring favor by accepting their deposits. The solemn austerity of the banker nurtured this delusion. But now everybody sees that the bank receives as well as bestows. The era of banking publicity has come. The public has a natural craving for information. It trusts perhaps unwisely, the institution which tells it most truth. Incredulity is, in some sort, an asset of human nature. The banks' published statements, which are audited in various ways, are more welcome than the average manager knows. After all, the institution which has nothing to hide has everything to gain from publicity.

But there are those who cry for more. The present methods of bank auditing do not suit everyone. Government inspection has its champions. There are adherents to independent audit by chartered accountants. There are auditors who would count themselves part of a bank's staff. No division of opinion arises until we come to the question of audit methods. Mr. C. W. Reihl, in the "Banker's Magazine" analyzes the subject of bank audits, and puts on record some curious statements. He admits the desirability of the audit. "In some banks," he says, "auditors are employed as permanent officials. It is their duty to be 'the watch-dog, as it has been expressed, of the bank, 'to see that the work is done properly, that the clerks 'are attentive, that the statements made are absolutely 'correct—in short, to do for the officers and directors 'what they themselves have not the time to do."

But he goes on, "It is the duty of the board of 'directors to throw every possible safeguard around 'their employees, from the president to the messenger 'boy and janitor, so that the temptation to which every 'man is liable will not come with its powerful suggestion that detection is improbable." While casting no reflection upon the permanent auditor, Mr. Reihl sees in his appointment a possibility of wrong-doing. He thinks that banking familiarity may breed contempt for truth, and suggests an independent audit conducted by auditors thoroughly familiar with all departments of bank work.

Mr. Reihl advocates a thorough examination of the various departments. Special attention must be given, he says, to the assets to see that they are all they are claimed to be; that the stocks, bonds and notes as carried on the books are in possession of the bank, and that they represent the amount for which they are carried; that the stocks and bonds are properly executed and marketable; that the commercial paper is in proper form, and when possible, that it is genuine—but this latter point is a hard matter to decide, and there is great need for a plan to be adopted

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