factory, but because they consider his business to be sound and profitable.

When one considers the farmer's case, it is seen that there is, perhaps, a greater possibility of the secret lien working injury to his creditors in general. The farmer may get credit from quite a number of parties throughout the season. He probably buys goods on time from the groceryman, the dry goods store, the tailor, the implement dealer, the butcher, the baker, etc.

All of these creditors extend credit on the strength of the farmer's growing crops. That is, perhaps, the only source from which payment can be made. If when the farmer threshes his grain he proceeds to pledge it to the bank, and with the money thus borrowed pays off his other creditors, no harm would be done.

But if, as would often occur, the farmer conveyed his grain to the bank, and failed to pay his other debts, his creditors would consider that they had a grievance. But even in that case they might not be justified in claiming that the secret lien injured them. The farmer's inability to pay his unsecured creditors may have been due, in reality, to the fact that his expenses were too heavy or to the fact that his farm did not produce enough.

If, instead of pledging his stuff to the bank, he had sold it outright and distributed the proceeds among his creditors, there would still have been a shortage.

And, in favor of permitting the farmer to borrow on his own pledge, it might be argued that a farmer who is going to default will never leave any grain or anything else that is readily saleable on his place for the creditors to attach. He will sell everything as soon as it is ready to sell. However, the banking committee has insisted that all such liens given by the farmer shall be registered, so that his creditors shall know about them; and it is to be hoped that those who were so anxious to have the Bank Act give permission to farmers to borrow on their own pledges understand fully that the banks were in no wise responsible for the mutilation of the privilege.

STOCKS, BONDS AND NOTES

Many investors in a period of pressure or stringency, such as that now prevailing, find it advantageous to take the attitude of creditor rather than that of owner. That is to say, they serve their interests best, in certain respects, through buying bonds or other evidences of debt, instead of buying stocks, which constitute them part-owners of the concerns to which their funds are entrusted. When money is scarce and interest high, it usually means that the cost of operation or of production is swelled by the extra prices paid to creditors for capital supplied by them.

As tightness in the money market has a tendency to force sales of commodities, it is not, perhaps, possible to increase the selling prices of goods so as to maintain the margin of profit. Hence profits may shrink; and if the stringency is protracted probably a slacking of activity may be seen.

This, of course, militates against the stocks which represent the ownership of the concerns thus affected. The prospects of dividend increases grow less favorable; and in some cases doubts may be engendered as to the maintenance of dividends presently in force.

Such considerations make for a decline in stock quotations; and the holder or owner of stocks is perhaps subject to considerable uneasiness as he sees the quotations for his securities fall below the prices at which he purchased.

On the other hand, if the owner of liquid capital and debentures of industrial and mercantile corporations or to other parties who are reasonably certain to meet their obligations at maturity, he can look upon the monetary pressure with more favorable eyes.

It is noteworthy that investors in Canada have recently had the opportunity of buying short-date bonds and debentures of industrial and mercantile corporations in good standing at prices yielding from 6 to 6¼ per cent. A number of other issues of this kind are being held back in expectation that the money market will take a favorable turn.

Apparently some of these corporations have been accustomed to supply their capital needs through borrowing in London; but the transatlantic centre has not yet fully recovered from the unsettlement consequent upon the Balkan war.

And, as Canadian municipalities have had to pay 5 per cent. in London, the rate for our industrials has been fixed rather high. Hence the appeals to the Canadian investor. In order to induce him to respond freely or extensively it has been necessary to offer attractive rates. Judging from present conditions the corporations which are holding back their issues may be forced eventually to put them on the market at prices no better than those now prevailing.

In spite of the large amount of new money coming into the country through the Canadian Pacific Railway stock issue and other flotations, the bankers apparently look for the continuation of a very strong demand for credits throughout the summer.

The evidence before the banking committee showed that the bankers are, and have been, holding the borrowing classes in severe restraint.

Apparently the municipalities and other corporations which have large loans from the banks are being pressed to liquidate them through sales of bonds or debentures. The general manager of one of the large banks recently remarked in reference to municipal loans that "the difficulty of getting municipal councils to accept the market price for their issues does not grow less as the rate of interest moves slowly against them."

The underlying motive of the banks, in thus seeking to induce these large borrowers to issue bonds and debentures, is the desire to strengthen cash reserves and to prepare for the movement of the Western crops. So the indications are that in the next three months the bond dealers in Montreal and Toronto will have further attractive offers to announce. It is quite within the possibilities that good bonds will be offered in the summer months at prices to yield 6½ per cent. When interest rates rule so high some companies may prefer to offer notes instead of bonds.

The practice of offering notes is more common in the United States. The other day the United Fruit Company, of Boston, offered its four-year notes bearing interest at 6 per cent. at 98, the net yield being 6½ per cent; and the American railways often resort to this method of financing.

The advantage of issuing notes is that the corporation does not bind itself to pay the high rate for a long term of years. Thus at present the rate of interest on long-term bonds must necessarily be placed at a high figure; and the debtor company must go on paying interest at the high rate for the whole term of the bond—unless it reserved the right to refund the loan.

It might happen that a cheap money era would be encountered in two or three years; and in that case, if notes had been used in the first place, the opportunity is presented of replacing them at a comparatively low rate for a long term. On the other hand, the American railways have found that the practice of issuing notes has its dangers.

Sometimes the note issue falls due in a period of great strain; and the company responsible therefor may have great difficulty in meeting them; and once in a while the maturity of a big note issue of this kind may serve to throw the debtor company into bankruptcy.

SMALL CHANGE

"House to Rent" has been superseded by "House Wanted" signs in many Canadian cities.