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least, minimized, by frank and prompt recognition of changed circumstances and corresponding alterations of the fixed prices. It can be said for the Victory Loan Special Committee that neither frankness nor promptness have been lacking in their decisions in this matter. They have made the prices of the various issues of bonds as nearly true prices as possible, so far as the limitations of the system of price control permit. That their latest reductions in the prices of bonds, drastic as some of the reductions may appear, are fully justified by the present day circumstances of the bond market, no one well informed in matters of finance, is likely to deny. Capital for purposes of investment is relatively scarce, demands for it are numerous, and the price which has to be paid for the use of it has, following the law of supply and demand, gone steadily higher. New loans and capital issues are being made on terms, which a few years ago, would have appeared unbelievably attractive. The highest grade borrowers are paying 6 per cent and over; industrial borrowers are offering 7, 7½, 8 per cent., and higher. The values of the old standard investment bonds and stocks have declined to levels affording similar yields. The circumstances are not peculiar to Canada. Exactly the same phenomena are in evidence in both Great Britain and the United States. At the present time, in fact, the demand all over the world for capital is possibly in excess of the supply; even if that be not the case, the demand is urgent and extensive. In the opinion of some economists, the demand for capital on the present scale will continue for a decade. However, that may be, it appears unlikely that the present scale of the demand, either in Canada or elsewhere, will decrease materially for some time to come, and as was pointed out in this column recently, the question of any decrease in the remuneration of capital is inextricably bound up with that of prices generally.

An interesting example of the way in which one financial phenomenon is related to another, is to be found, in the fact, that much of the selling of war loan bonds which has taken place recently is for account of corporations who have found it necessary to turn the cash reserves which they had invested in these bonds, back into the business. This is a result of course of the difficulty of obtaining banking accommodation (again largely a result of high prices), and of the liberal terms which would have to be conceded in making new issues of stock. The fact is that the whole economic structure is so closely related that, as with a delicate piece of mechanism, one part cannot be changed without affect- all the others. This fact is likely to be realized sooner or later by those Canadian labour leaders who are now talking so foolishly about maintaining constantly the existing wage level, no matter what the future trend of prices may be. This kind of talk was to be expected of course. No man having secured a wage of $50 or $75 a week, which in many cases he only partially earns, likes the prospect of going back to $25 a week, and really earning it. It seems probable enough that in the future labour will have a larger share in the product of industry than it had prior to 1914. But that it can seriously expect to maintain, under all circumstances, what is in many cases a wasteful and extravagant level of over-payment, is incomprehensible. If such ideas persist, they will sooner or later, though possibly not immediately, certainly be shattered by the logic of events. Labour cannot possibly receive a larger remuneration than industry can carry. There have been a number of cases already, and one lately in Toronto, where, as a direct result of the exorbitant demands made by and conceded to labour, industries have had to be closed down—and the men who were successful in their exorbitant demands temporarily, are now out of a job. If labour leaders can persuade the rank and file to continue the attitude those leaders are at present enunciating, then this closing of factories is bound to increase and the future outlook is not bright.

The request of the Minister of Finance to the banks to have purchasers of sterling or foreign exchange in amounts of a thousand dollars or over and drawees of drafts received for collection from outside of Canada for the like amounts, certify that the exchange or draft does not represent the purchase outside Canada of securities, indicates official recognition of the fact that the voluntary agreement entered into last winter regarding the prohibition of the re-purchase of Canadian securities held abroad and of foreign securities, has proved abortive. That such was the case has been generally known in financial circles for some time. The recent decline in sterling has stimulated selling by London interests, and most of the recent weakness in such securities as Montreal Power and Brazilian has been attributed to such sales, through channels which either did not agree to the arrangement origi-