



NOW that the financial panic is over, there is likely to be an era of banking criticism. During the whole of the past summer, there were mutterings loud and deep against the banking fraternity. The financial panic in New York has in a measure mollified those who were in rebellion against the conservative action of the Canadian bankers, but it stopped criticism for only a few weeks.

Last summer, it was the Western real estate dealer and the Western merchant who did most of the complaining. Just now, it is the Western wheat dealer who has precipitated further discussion of banking practices. It appears that there has been considerable difficulty in securing banking accommodation for wheat which has to be moved from some points in the interior to Fort William and there reshipped to Buffalo or Montreal. The banks have refused accommodation to the weaker members of the wheat-moving profession and have endeavoured to limit even the stronger members. To put any kind of limitation on a Westerner is to insult him.

Again, there is some talk as to whether the sixty-three million dollars which Canadian bankers have on call loans in New York are really "liquid assets." There are many persons who believe that if the Canadian banks had tried to withdraw this money from New York during the past few weeks that it would not have been possible to get it. Mr. Hebden, of the Bank of Montreal, writes to the "New York Post" to say that these call loans are made against gilt-edge securities with large margin. He declares that should the necessity arise at any time, these payments could be invested in bills or cables on London and the funds transferred at once to that point if desired. Mr. Hebden does not say so, but seems to assume that once the credits on London were secured there would be no difficulty in getting the money from London to Canada. No doubt Mr. Hebden is right, but this would involve long and tedious delays and in case of a panic in Canada the money would probably arrive too late to be of any service. Mr. Hebden's admission that these call loans would have to be realised on in London is sufficient proof that they are not "liquid assets" in the fullest sense of the term. It would appear that the bankers will have to find some new form in which to keep their reserves other than call loans in New York.

Our banking laws and our banking practices are good, but that is no reason why the public should refrain from calm and constructive criticism. Otherwise, the bankers might become too self-satisfied.

MANY lessons have been read during the boiling times of the past few weeks, but none more important than the dangers of over-capitalisation. There are not a few concerns in Canada that are considerably over-capitalised, though the evil has not developed here to anything like the extent it has across the line.

Let us take a simple example. A concern capitalised at \$100,000 is found to be earning \$50,000 a year. The shareholders of the company figure out that this annual profit will pay ten per cent dividends on \$500,000. Accordingly they form a new company with a capital

stock of \$500,000 which they allot among themselves in proportion to their previous holdings. In this way, the man who held \$10,000 of stock, now owns \$50,000 worth. He has made \$40,000 by a little expenditure on printing and certain legal formalities. To turn this \$40,000 into cash, he may dispose of this amount of his stock to other investors. If he is not satisfied with \$40,000, he and his fellow-shareholders get the stock listed on the exchange and by buying and selling among one another get the stock up to 150 or 175, and reap an even higher reward when they ultimately decide to unload. The concern is then beautifully over-capitalised and may safely be recommended as a good investment for the funds of the widow and the orphan.

This is typical of much of the modern speculation. The methods vary considerably but the general result is much the same. It is a difficult evil to prevent, since the public is "easy" and the laws not too strict. There is nothing really dishonest about it according to the public standard of business morality. Nevertheless it is an evil and one which should be discouraged by publicists and legislators. It finally leads to public distrust and financial instability. It provides a sphere for the speculator who drags after him an innocent and ignorant public.

Over-capitalisation is not the only evil which the business world has to fight. Undue extensions of credit form an ever-present danger. Prices raised to an unreasonable height by artificial methods and arbitrary action provide another cause leading to industrial crises. Over-production and unwise production may also be mentioned in this category. Nevertheless, over-capitalisation is one of the great commercial dangers of the age.

THE Giant of Bellechasse has routed the Free Lance from Labelle. In other words, the Hon Adelard Turgeon has defeated Mr. Henri Bourassa. The victory is almost if not quite decisive. When Mr. Turgeon was

THE BELLECHASSE ELECTION opposed in 1897, he had a majority of 434; In 1900 and 1904 he was elected by acclamation. Mr. Bourassa's friends seemed to think that the lists were less favourable to Mr. Turgeon than on previous occasions, yet he wins by a majority approximating 800. True he had all the prestige of the Gouin government behind him and all its forces working for his election. It is true also that Sir Wilfrid Laurier, the Father of Quebec, let it be known that he did not approve of Mr. Bourassa's campaign. Admitting these facts, the majority is still quite encouraging to Mr. Turgeon.

Just what effect this election will have on the future of the Gouin administration in Quebec it is difficult to say. Mr. Bourassa made an alliance with the Conservatives and it looks like an opposition defeat. Nor is it easier to estimate the effect upon the Church party in the Province. Mr. Bourassa is a dutiful son of the Church and was apparently in sympathy with the aims and desires of the hierarchy. It would seem, though this is by no means certain, that the leading men in Quebec are quietly but persistently resisting the authority of the Church in all political matters not connected with public morals.

While Mr. Turgeon has won, it must have been impressed upon him and his colleagues that public opinion