tion of the point of view. And this consideration is all the more pertinent when it is remembered that the "Economist" looks upon such questions from the English standpoint, while the C.P.R. necessarily is influenced by conditions which prevail in the financial world of Canada, and possibly of the United States.

The first bugbear which raises its head in connection with the new issue is the directors' proposal to make it at par, and not at the market price prevailing to-day. They, thus, in the opinion of the "Economist," wilfully sacrifice many millions of dollars which should go legitimately into the coffers of the company, or in another way of putting it, issue considerably more new capital than would be necessary were they to sell it at the market price. This kind of finance it characterizes as unsound.

But the Canadian Pacific management is composed of men who, while probably they recognize to the full the theoretically economical justice of this argument, are above everything practical financiers. They know, none better, what they can do and what they cannot do in the financial market. They recognize, too, that when one or more of the highest-standing American railroads tried to finance a new issue of stock on the above plan, bearing the hall-mark of soundness, they failed; and that this being so, it is scarcely likely that they themselves will succeed. Again, when the "Economist" refers to a sacrifice of the high market quotations reached by the C.P.R. stock to-day, it is a moot question how much this enhanced valuation has been due to the recognition in the investor's mind of the very policy on the part of the management which our contemporary deplores, and it is a question also how that same high valuation would stand the shock of any radical departure from that policy. To put it in other words, much of this high valuation which the C.P.R. is advised to preserve intact, and to reap the benefit of, owes its very existence to the knowledge by the public that the possession of shares entails certain rights—to obtain further shares at a moderate par price. To this also attaches a certain sentimental consideration, namely, that original shareholders in the great Canadian transcontinental for years held on to a very dubious path, and that it is only fair, therefore, that they should receive some extra reward for their faith amid trying times. A contented body of shareholders is a valuable asset for such a corporation as the C.P.R. to possess, engaged in developing great areas of new country, and from time to time needing large amounts of cheap money. Practically, and in the end, therefore, it is a matter for doubt whether the C.P.R. is making any serious sacrifice of resources after all. The whole contention of the "Economist" seems to bear out the argument foreshadowed in the earlier part of this article, namely, that it looks at the question too much from the English point of view, as is evidenced again by its approval of the C.P.R.'s conservative policy in the matter of dividends. The English railroads, as a rule, use up all net earnings for the payment of dividends, charging up expenses for improvements and extensions, etc., to capital account. On this continent it is considered more important by railroad financiers to preserve a degree of stability in the rate of dividend, even though it be a small one, and, when they need money, to borrow it as cheaply as they can. Herein consists an important point of difference.

The "Economist" speaks of coming lean years, against which even Canadian prosperity will not be proof. No doubt; and unfortunately this will be the case sooner or later. But the C.P.R. have good ground for the belief, and most Canadians will probably share it, that even granting lean years, the development of the West has now reached such a point, and the country developed possesses such a gigantic area, and such multitudinous resources, that even when the reaction does come, a great transcontinental railroad will find enough to do to keep receipts up to a high degree of profitableness, even though they should not show the wonderful elasticity of the last few years.

As to the strictures of the "Economist" on the policy of the C.P.R. in selling a large block of its land in the North-West to a syndicate at only about $4 per acre, when the market price of such land has averaged $5.30 per acre, the argument may be used that several important items are left out of consideration. What about the *cost* to the company of selling that land for which the settler pays $5.30 per acre? What about the expensive organization necessary in order to bring the land and the actual settler together? Selling land in a block to a syndicate at $4 per acre is a wholesale transaction, the buyer taking the expenses; selling land by the hundred acres or so is retail; and perhaps the actual net receipts to the company would not show much difference in either case, especially when in one case the land is in selected pieces, and in the other it is one tract, comprising good, bad, and indifferent.

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NEW YORK LIFE INSURANCE REFORM.

Some very important recommendations have been made by the Armstrong Committee, which investigated life assurance companies at Albany, and it may not be amiss to refer briefly to them:—

(1). Restriction of Investments.—It is proposed to limit the investments to mortgages on real estate and Government, county and municipal bonds and debentures, and mortgages on real estate. The chief effect of this would be to prohibit the investment of moneys in stocks. It is a fact that some bonds are not as valuable as certain stocks; again, some companies have lost considerable moneys in mortgage real estate loans. The problem of defining the investments which a life insurance company may hold is a difficult one. The British companies leave the matter very largely to the directors, holding them responsible therefor. The investor knows that there are many stocks—for example, bank stocks, trust company stocks, and certain loan company stocks—which may be regarded as more secure than certain bonds. The net effect of the restriction, if put in force, would be that a reduced rate of interest would be earned, and, consequently, the surplus returns to policyholders, from excess interest earned over the reserve rate, would be diminished.

(2). Limitation of the Contingency Reserve Fund.—It has been the practice of some of the large American companies to hold considerable amounts of money in contingent reserve, mainly, we believe, to offset any adverse fluctuation in their several departments. In view of the violent fluctuation of the United States stock market, and the large holding by American companies of stocks, it would appear appropriate that there should be a substantial contingent reserve fund. On the other hand, if the restriction as to investments is put into effect, the amount of this fund could be very properly greatly reduced. Some companies also maintain a contingent reserve fund in connection with deferred dividends under life assur-