

there is enough Canadian blood in the two companies to warrant a keen eye being glued on Wall Street.

Now that Nipissing and La Rose have come to grief, La Rose thus failing to make good its colleague's shortcomings, the question of amalgamation may be nearer. A merger of the two companies under a new name would obliterate past records and give the market a new leader. Was the decline in La Rose and Nipissing manoeuvred by persons unknown in order to acquire stock at low prices prior to an amalgamation of the two companies?

CANADA'S NAVY.

The Canadian navy will play an important part in Anglo-Canadian relations, and it may be the present generation will have passed when the crucial time arrives. The Canadian Cabinet, according to an Ottawa despatch, has been discussing the naval and defence proposals to be submitted to parliament during the coming session. The programme may include the construction of twelve war vessels, embracing two or three cruisers of the Bristol class, torpedo boats and destroyers. This is the embryo of a Canadian navy. A well-informed London writer states that during the proceedings of the recent Imperial Conference, the Canadian representative was asked what would happen if the Admiralty asked the Ottawa Cabinet to send its navy to New Orleans and the Canadian Government refused to comply. The reported answer was: "In that event the Canadian navy simply would not go." Wherein one is able to picture a possibly dangerous crisis in history. The events of the past three years have demonstrated Britain's desire to co-operate with her overseas empires in the matter of Imperial defence, and those empires have reciprocated. In Canada's case the supremacy of the British navy means a great deal. Let Britannia's Dreadnaughts be sunk and Canada must bow to the victor. To say that naval warfare is close at hand may be premature. To blind one's eyes to things as they are and may easily be, is foolish. Nations have fallen frequently because they have failed to see the sign of the times. Sometimes having seen it, they have failed to respond. The don't-care spirit in national defence is impossible, and most of all in the British Empire.

Canada has admitted its willingness to share the burden of Imperial defence. It proposes to build a navy of its own, which, as naval armaments go in these days, must be dependent on Britain,—to borrow officers and men, to control the policy, and, what is most important, the right to say in time of war how, when, and where this navy shall be placed. This is the furtherance of a serious principle which allows each part of the British Empire to choose whether or not it will participate in the wars of the King. This principle was first introduced when Sir Wilfrid Laurier permitted Canadian volunteers to take part in the Boer War. British Prime Minister Asquith has formally endorsed that doctrine. He said in the House of Commons, speaking of the conclusions of the Imperial Press Conference: "The result was a plan for so organizing the forces of the Crown wherever they are, that while preserving the complete autonomy of each Dominion, should these Dominions desire to assist in the defence of the Empire in a real emergency, their forces could be rapidly combined into one homogeneous Imperial army." This naturally applies also to the Imperial navy.

No one knows just where the next great naval battle, in which the British Empire will be interested, will be fought. It is likely to be in European waters. Events there move rapidly. Suppose a struggle for naval supremacy arises in the North Sea. What is the position of the Canadian navy? An English writer says: "The essence of effective war against Britain in her present state of transition is surprise—such as that

which succeeded against Denmark, against Austria, and against France. The transition from a state of peace to a state of war is too sudden to justify a loan of the golden key of naval defence—discipline—even to our friends. A force not trained under Admiralty control in peace must be trained in war. For war training there will be no time and no opportunity. Naval war is sudden, sharp and decisive." Canada's ships might be needed for Canadian coast defence; they might be required elsewhere. According to the new principle of Imperial and international law, the Canadian navy may say at the critical moment whether or not it will help Britain in the fight. Mr. Fielding, speaking at Yarmouth, N.S., stated that one division of the Empire has offered a Dreadnaught as its share of naval defence. "But," he continued, "this has not seemed to us the best thing to do. In our naval affairs we want to have control. We must aim to have a Canadian fleet so organized that in a moment of emergency we can convert it into an Imperial fleet." If one admits that the naval supremacy of Great Britain is all-important to the peace and prosperity of the British Empire, then it would seem that navy control can rightly be in but one place at a time of crisis, and that place, the British Admiralty. But apparently Great Britain does not ask this important consideration. England has implicit confidence in the loyalty of its overseas empires, and this concession to Canada, a serious one perhaps, is striking demonstration of that trust. In time of war, Canada may be asked to help with its navy. Then will come the crucial test of Canada's reciprocity in Imperial defence matters.

CANADIAN PACIFIC'S STOCK ISSUE.

The three features marking the Canadian Pacific's issue of thirty million dollars new stock are the secrecy prior to the issue, the offer to shareholders at a premium instead of par, and the enhancement of that road's record for rapid capital expansion. Lake of the Woods Milling Company last week announced a bonus of ten dollars per share, but that disbursement had been amply discounted before its actual declaration. The Canadian Pacific issue came upon the market as a complete surprise. Not a whisper or rumour had escaped. Which is as it should be if a public utilities corporation desires public respect. The one way to stifle manipulation is to force an important surprise announcement into the market as it stretches its arms in the early morning.

The Canadian Pacific Railroad learned of many views when obtaining authority some months ago to issue fifty million dollars of additional ordinary stock. It was taken for granted that the road would issue that amount at par. As the stock is quoted around 187 and the issue is to be made at 125, the directors have struck the happy medium. The present shareholder receives a one hundred dollar share, quoted at 187, for 125. The market gets thirty million dollars new stock. In face of the company's strong position, it cannot do anything else than accept the new stock with good grace. The railroad obtains the benefit of the difference between par and 125. This action may have been a concession to public opinion, but it is more likely that the Canadian Pacific directors thought that from most viewpoints it was the best finance.

The order-in-council regulating the increase of the C. P. R. capital stock from one hundred and fifty to two hundred million dollars provides that the new stock shall not be issued at less than par. The objection against such an issue being made at market price is that it would probably suffer in the market. At the time the order-in-council was made it was assumed the new stock would go out at par. As mentioned in these columns some time ago, the Pennsylvania Railroad made the experiment of a stock