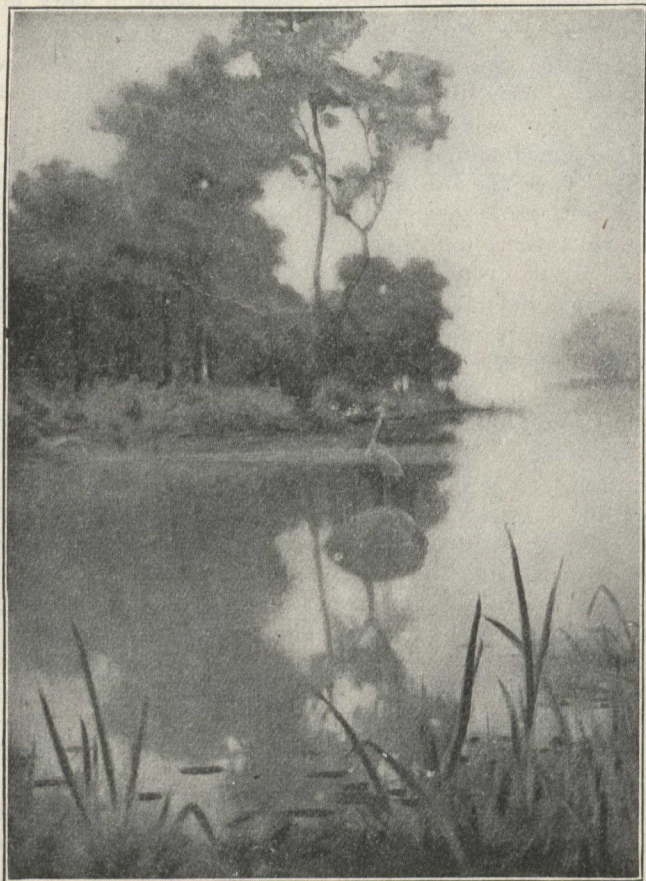




Tranquility.

By G. A. Reid, P.R.C.A.

Capital Overworked

AT the present moment, capital is over-worked; in other words, money is scarce. English money is still coming into the country, but in limited quantity. Even in London, money is hard to find. In New York also, the same state of "hardness" exists.

The ordinary citizen knows little of the varying phases of capital. He borrows money occasionally from the bank, but it is only in small quantities, and there are no objections. He may find the rate of discount has gone up a quarter or a half, but that hardly attracts attention. If he has a little money to loan, he may find that he can get a half or one per cent. more than he could a year ago, but that does not startle him. The rate is not fixed, therefore why shouldn't it rise and fall?

It is the manufacturer who wants to add a half million dollar extension to his factory; the municipal authorities who have a million dollar loan, or a similar amount of bonds, falling in; the underwriter who has undertaken to float a million dollars' worth of electric railway, first-mortgage bonds; the mining magnate who has five million dollars' worth of silver to get out of the earth and requires a five-hundred-thousand-dollar advance—these are the people who find capital overworked. They go to the banks with their securities which are as good as Dominion of Canada notes, and the banks say "Sorry, but we are short of cash. We cannot get it."

The growth in the number of banks does not necessarily mean greater freedom for the borrower. The money used to found the new banks has come mainly from deposits in the older banks. The new banks have some money to loan, but the older banks have just that much less. New banks do not create capital, they only propide means for distributing capital.

What shall we do about it? "Limit our expansion" is the only answer. We must go more slowly. During the last few years Canada has been running ahead at a terrific pace. A little stock-taking will not hurt. Mr. J. J. Hill, the ex-Canadian pessimist, says that 1908 will be a dull year—and it is just possible he may be right. Other people are saying the same. Any man

who cannot get all the capital he thinks he should have, is liable to be pessimistic. Nevertheless, Canada would do well to go slowly. All history tells us that when you overwork the boom you bring about a reaction. These are Canada's boom days; and they will continue if we are not too greedy.

Hammer and Tongs in Manitoba

MANITOBA'S usual February gelidness must have been turned into something almost tropical by the heat of the election campaign that is going on. The Roblin Government albeit it numbered in the late Legislature 32 supporters in a house of 40 members, scored not a tremendous popular majority in the elections of 1904. The total straight Conservative majorities in that contest were 4075 and the total straight Liberal majorities 886. This would give the Roblin Government an aggregate popular majority of 3189—seemingly a large enough margin. But there is another way of looking at it. The total Conservative vote was 26,929 as against an aggregate Liberal and Independent vote of 26,303—a scant 326 votes more for the Government than for the candidates of all shades who opposed it.

The news that comes from Winnipeg seems to warrant the statement that the contest is neck-and-neck. In a way both parties are working largely in the dark. Since the last contest fully 75,000 has been added to the population of the Province and almost half of that number have become residents of Winnipeg. The Provincial Capital has been redistributed and a fourth seat added. There is a saying that "As goes Winnipeg, so goes the Province," and both parties are concentrating their efforts on the capital. The Government are making the main issue Manitoba's claim to the annexation of the greater portion of the territory of Keewatin, while the Opposition charges extravagance, misrepresentation of the provincial assets and the usual round of allegations against Canadian ministries. The Liberals are highly delighted because the Conservative candidate in North Winnipeg, a former license inspector who resigned to become a contestant, has abandoned his candidature. The Conservatives say that it was simply a case of "couldn't afford the expense" on the ex-candidate's part. Next Thursday will tell the tale, and in the interim it seems to be a case of "even money and take your choice."

The O. S. A. Exhibition

The annual exhibition of the Ontario Society of Artists which opened on February 22nd is a cheering prospect of what is being done by Canadians in those arts by which life is interpreted and refined. The work of the past year shows increasing range of subject and boldness of treatment.



In the Fields, Nova Scotia.

By C. M. Manly, A.R.C.A.