

which do not provide for that. No one insurer can provide *adequately* against that hazard out of his own resources, except at a prohibitive cost. Co-operation with others is necessary, so that without financial strain losses can be borne by a body of insurers that to an individual would merely spell financial disaster. Self-insurance is a reversion to individualistic methods of barbarism and simple folly—in the case of a city council at the expense of the long suffering ratepayers.

Self-insurance, in fact, is a misnomer, for no one insurer can give himself, except at a prohibitive cost, that sure protection which is available at any and all times against any and all contingencies, however desperate they may be, by insurance through the ordinary channels. Self-insurance as usually practised does not insure; it involves the taking of a risk on the part of the insurer which adequate insurance guards against, and to talk of "saving money" by schemes of this kind is not unlike suggesting that a man would save money by going without half his necessary supply of food.

SHOULD CANADA RETAIN HER GOLD?

The question whether or not, by legislative authority, the gold from Canadian mines should be retained in the country and accumulated by the Government is discussed by Dr. Adam Shortt in the *Journal of the Canadian Bankers' Association*. Under one quite exceptional condition, he concludes, it might be entirely advisable and necessary to prohibit the export through private channels of all gold, whether in the shape of new gold, coin, or bullion. That condition would be one in which Canada was at war and so hemmed in that its external trade was paralysed, while it still urgently required certain supplies from abroad. Under such circumstances, nothing but gold could command even a partial supply of the goods required. In this case, however, the embargo upon gold would simply be part of a more general embargo upon any other supplies of the country which were essential to the conduct of the war. To a large extent this is the condition of Germany and Austria at the present time; but, as regards gold, it is not the situation of Britain, because her trade and exchange communications are still open to the neutral world and her allies. It is obvious, then, that the conditions requiring interference with the free disposal of Canadian gold as produced from our mines are of very exceptional character. Under all other conditions the Dominion Government is already fully meeting the situation by furnishing an opportunity for the owners of Canadian raw gold to have it refined and converted into standard bullion or coin in Canada at reasonable rates. It should be left to the Banking and Currency Acts to make suitable provision for maintaining an adequate gold reserve in the country to meet possible commercial and other crises. Beyond that, the Government, the banks, and the public alike must consult their own interests and follow their own discretion and judgment in acquiring or disposing of what gold may come to the country or be produced in it.

ENGLISH BANK DIVIDENDS CUT.

Out of twelve leading English banks, it is reported from London that five reduced their dividends for the last half year, six maintained the usual distribution, and one—the London City & Midland—paid the same dividend as before but deducted income tax instead of paying the dividend "free of income tax," that is to say, paying it for the shareholders instead of making them pay it out of the dividend.

In conservative circles the banks which have reduced their dividends have been commended for their cautious policy, and it would almost appear that cutting the dividend was a greater virtue than maintaining it at the former rate. The reports issued by banking companies show that profits have been somewhat reduced by the difficult financial period passed through, but the depreciation in investments is not so heavy as might have been expected. Generally speaking, the reductions in dividends, where made, have been due more to caution on the part of the directors than to necessity.

The English banks follow, of course, the opposite dividend policy to Canadian banks. The dividends fluctuate from half-year to half-year according to the profits of the period. So that the cutting of a dividend below a level previously reached is not so serious an affair as it would be in the case of a Canadian bank, where the practice is to maintain the dividend at the same level for long periods. That level is usually such that the dividend can be maintained even through a period of diminished earnings. It is so long since a Canadian bank cut its dividend that probably were one now to follow this course, it would probably attract a certain amount of suspicion to itself, even though the reduction might be made for the most admirable of reasons.

PROPOSED NEW BANK.

Application is being made at Ottawa for the charter of a new bank to be called probably the Colonial Bank. It is reported that the interests behind the application are those associated with the Colonial Bank of London, England, and the West Indies, an old-established institution dating from 1836. At one time negotiations were on foot for the absorption of this bank by the Royal Bank of Canada, but nothing came of them. The ground for the application is probably to be found in the increasing trade between Canada and the West Indies, which make it desirable that a banking institution having large interests in the latter should also be located here.

A dividend of 40 shillings per share, less income tax, being at the rate of 8 per cent. per annum, was declared at the annual general meeting of the Bank of British North America, held at the head office of the bank in London, Eng., last week. The transfer books will be closed from 20th inst. to 1st prox. inclusive.

* * * *

Possessed of vast natural resources, Canada is making rapid strides in prosperity, and already provides a better return for invested capital than Great Britain. Moreover, owing to its geographical position, Canada at the present time is undoubtedly the safest part of the British Empire, and its investments, therefore, are likely to be less seriously affected by the present war conditions than those of any other part of the world.—*Canada Life*.