

paid regardless of what profits are earned. Dividends on stocks, on the other hand, depend directly upon the earning of profits, and profits are high when commodity prices are rising, but are low as prices fall and business is dull. The latter condition is now anticipated, and as prices fall the purchasing power of the fixed return from bonds increases, while it is quite likely that dividends will be cut down substantially. This is the reverse of the movement which has taken place during the last four years.

Discussing this point in "Investment Suggestions" for June, Burdick Bros., of Vancouver, say:—

"The bond market is in a totally different position from the stock market. If the present situation is relieved by a voluntary reduction of loans, there is no doubt but they will act quite differently. For instance, a real drop in commodity prices while a good point for bonds, is a derogatory point for stocks. It depresses stocks by reducing profits and earning power, and at the same time it tends to increase bond prices by increasing the purchasing power of fixed incomes. Before the war a family could maintain a luxurious standard of living on the income from \$150,000 par value of 4 per cent. bonds. To-day the same standard of living would require at least \$200,000 5 per cent. bonds.

"Recent shading of prices has been unmistakably marked by a rally in bonds, and if the deflation between the present time and December 1st goes far enough to enable the banks to finance the crop movement without a general money stringency—there will be little probability of seeing as low bond prices in 1921 as in 1920."

MANITOBA'S ELECTION

ANOTHER provincial government has just suffered a setback at the polls. The war-time governments of Ontario and of Prince Edward Island have already been defeated, and the Liberal administration in Manitoba, at the election held last week, secured only 21 seats out of a total of 55. It is still the strongest party in the house, however, as the remaining seats are divided among the other parties as follows: Labor, 11; farmers and independents, 11; Conservatives, 10. The elections in the remaining two ridings, including that of The Pas, in which Hon. Edward Brown, provincial treasurer is the Liberal candidate for re-election, were deferred. As in Ontario, this is a pronounced step in the direction of group representation rather than the old two-party system, and the Liberals must form a coalition with one of the other parties if they are to have even a working majority. Out of 47 seats in the former Manitoba Legislature, the Liberals had 40, labor 4, the Conservatives 2, and one member was classed as an independent.

The results in the city of Winnipeg are especially interesting because of the fact that proportional representation was the system of voting adopted for the city at this election. Out of 10 seats in Winnipeg, 4 were secured by the government, 4 by labor and 2 by the Conservatives. Four cities of the Dominion, viz: Vancouver, Victoria, Calgary and Winnipeg already use this method for their municipal elections. The movement for proportional representation was started in 1883. At first it did not make much progress, but since 1918 it has been adopted in eleven countries, including Italy, France, Germany, Czecho-Slovakia, Armenia, as well as in the British universities. It has been adopted in three cities of the United States, the largest of which was Kalamazoo, Mich., where it is used only in part of the city government.

The United States Brotherhood of Locomotive Engineers has accumulated such a large amount of money that it is organizing a bank for greater convenience in handling it.

To accept 4½ per cent. bonds of the province of Ontario in return for radial lines purchased at an interest charge of 5½ per cent. would be poor finance on the part of the Dominion government. But even at that the sale might be a good one.

"There is a good deal of common sense in everyone no matter to what political party he belongs," said Hon. Peter Smith, treasurer of Ontario, in addressing the Life Underwriters' Association of Toronto on June 17. This confirms a suspicion which has been harboured by some citizens for a long time past.

The production of the Dominion Steel Company, per miner, during the past four years has been as follows: 1916, 590 tons; 1917, 550 tons; 1918, 500 tons; 1919, 460 tons. If individual production is going to be less, how can the individual have more to consume.

Street railwaymen of London, Ont., will be paid in proportion to the financial results of operation, with a guaranteed minimum. This plan has been in operation for just about three weeks, but already an improved service has resulted, as the employees are anxious to do a maximum business at the lowest cost. Profit sharing is a partial solution of the industrial problem, and offers great opportunities.

The early days of fire insurance are recalled in a bi-centenary volume just issued by the London Assurance Corporation, on the completion of two hundred years of business, from 1720 to 1920. Fire fighting was at that time undertaken by the insurance companies, not by the municipal corporations. Early forms of insurance contracts and other methods of doing business are illustrated, and the book is also made interesting by scenes of old London.

A warning to the effect that capitalism, if it tries to impose monopoly, is committing suicide, is given by Hartley Withers in a new book entitled "The Case for Capitalism." Frightened by the threats directed against it, capital has sometimes been stampeded into abusing its power; such abuse of power is not necessary, for the accumulation and investment of capital is a service which must always command a reward.

Arguments presented in favor of an increase in rates for the Edmonton, Dunvegan and British Columbia Railway, are equally applicable to the other railways in Canada, according to Frank Ford, K.C., who appeared before the Railway Board in Edmonton in opposition to the railway. The Edmonton-Dunvegan is a good line for a test case, from the railroads' point of view, but the other companies, and especially the Canadian National, could also present some effective arguments.

"Political alliance with labor is all right, just so long as labor does not attempt to impose its views on the farmers of Canada," says "Farm and Ranch Review," of Calgary, in its issue of June 5. "When that time comes, their ways must part radically. They dwell in opposite camps and have few interests in common." The farmer-labor government in Ontario are able to carry on only by a policy of mutual compromise. Meanwhile the farmers are looking forward to the time when they as a party will be powerful enough to govern alone.

Almost every day finds the price of some raw material plunging downward. A forecast of low wool prices is contained in a statement issued a few days ago by the Canadian Co-operative Wool Growers, Ltd., reading in part as follows: "Everything at the present time points to a lower level of prices as compared with those obtained on the 1919 clip. Just where that new level will be, however, is a point upon which there is much speculation and very little agreement. No one really knows what to expect in the market for the next two or three months, and consequently very little is being done except 'playing safe' in the matter of consignment on a sufficiently low basis of advance, or, in the few instances where buying has occurred, giving a price in keeping with the feeling of the trade."