In the United States, over-expansion of banking credits continued during 1907, despite signs of stormy weather ahead. Happily Canada's banking system lent itself to a gradual taking-in of sail, which showed itself in the gradual strengthening of reserves that began after March, 1907. And to this wise precaution on the part of Canadian bankers is largely due the comparative ease with which the Dominion weathered the storm. New York's accumulating of funds came after the crisis, as a result of trade recession; Canada's strengthening of bank reserves began months before the crisis, and subsequent increase in banking resources has been largely due to capital from abroad.

As to stock market prices, it is to be noted that the fall of Canadian stocks from an index level of 122 in September, 1906, to somewhere about 97 in December, 1907, was much less violent than the New York average drop of about fifty points from the high-point of 1906 to the low of 1907.

The accompanying diagram shows that the subsequent advance in Canadian stock prices commenced about a year after the increase in bank reserve ratios began—just as the preceding decline followed about a year after reserves showed a weakening trend.

Of the present trend, this much may be noted: that the bank's reserve ratio fell slightly, rather than increased, from the end of 1908 to mid-year 1909, though rising again slightly by the end of September. But some June-to-September increase, on the eve of harvest financing, is almost always to be expected; so that its occurrence does not indicate that reserve ratios are to continue the marked upward trend of 1908. Instead, rapid business expansion will cause the banks from now on to transfer an increasing proportion of quick assets into current loans—tending to reduce reserve ratios that are now unusually and unnecessarily high.

Blind following of "charts" in stock market matters is about as futile as betting under a Monte Carlo "system" or as relying on a race-track "dope sheet." But in a general way, financial history repeats itself. The stock market has a habit of taking full account of trade prosperity, months and sometimes even years, ahead of its complete realization in commercial circles. So that, even if there be several years of uninterrupted business expansion ahead of us, with substantial dividend increases, stock prices cannot go on rising indefinitely. For one thing, a "flood-tide of prosperity" always brings with it new industrial undertakings and new flotations of securities; and competition in supply tends to operate against prices of already existing stocks.

On the other hand, he would be a rash "bear" who predicted that Canadian stock market prices must be on the down grade a year hence, even though there are signs of the banks' reserve ratio declining. Quite possibly, for months yet, the decrease in the proportion of reserves will be very gradual—if, indeed, the continued incoming of funds from abroad does not entirely prevent it for some time to come. Large returns from an abundance of agricultural exports and an influx of British investment capital are factors that can be counted upon during the next twelvemonth at any rate. Still, assurance of the immediate future does not do away with the desirability of viewing the longer outlook.

PENSION FUND RESULTS.

More or less discussion has taken place of late, as to whether or not the Dominion civil service should again be accorded superannuation pensions. It will be remembered that in 1898 the principle of a retiring allowance to government employees was done away with, except in the case of those already entitled thereto. The substituted plan of giving life insurance "at cost" to civil servants has not been availed of very largely, and to the minds of many some contributory pension scheme would be distinctly preferable.

Discussion of *pros* and *cons* is not here contemplated. But there is timely interest in the recently published results of the mortality investigation made by Mr. M. D. Grant, the government actuary, based on civil service pension experience in Canada. Mr. Grant presented a paper at the recent meeting of the Actuarial Society of America on Staff Pension Funds, embodying his findings in definite form. In introduction it was pointed out that the work which an actuary is called upon to perform in advising as to the establishment or valuation of staff pension funds is among the most difficult which falls to his lot. Not only has he to take into account all the main elements which lie at the basis of other actuarial calculations, but, generally speaking, additional elements enter into the case which add greatly to the difficulties and complexities of the problem. For instance, it is a feature of pension funds that the mortality is twofold: representing the period of active duty and the period subsequent to retirement on pension, respectively. While there is a connection between these two, so that the one may to some extent be a function of the other, the slightest consideration is sufficient to show that the respective rates of mortality are of radically different quality. A table that might be applicable under either of these heads to railway employees or to steel workers might, and very probably would, be a gross misfit under the same head for clergymen or civil servants.

Sometimes, facts as to special mortality, with-