

look to their deposits in the Bank of England, for funds to conduct this business. When the demand for discounts begins to encroach upon the stock of gold more than the Directors regard as desirable to be encouraged, they, as it were, "put a slipper on the wheel," by raising the Bank rate, which protects their cash Reserve from undue depletion, as the demand for discounts and advances is thereby checked, which movement reduces the activity of withdrawals from the Bank. The causes of a rise in the Bank rate are, at times, quite obscure, so far as the public is concerned; but, as a general principle, the motive of such changes is, a resolution to maintain the stability of the Bank at such a standard as excludes all possibility of danger, and as subsidiary to this, to check any financial movement that is likely to develop mischievous conditions in the money market.

CANADIAN PACIFIC RAILWAY REPORT.

The 22nd Annual Report of the Canadian Pacific Railway Company was issued on 7th inst. The complete statement confirms the figures given in our issue of 31st July last. The following shows the results of the operations of the line in year ended 30th June, 1903.

Gross earnings.....	\$43,957,573
Working expenses.....	28,120,527
Net earnings.....	\$15,836,846
Interest on deposits and loans.....	\$614,932
Interest due from the Duluth, South Shore & Atlantic Ry. Co. on Consolidated bonds held by the company, \$904,280—less advanced by the company, \$142,280. 462,000	
Interest from Minneapolis, St. Paul & Sault Ste. Marie Ry. Co. on bonds held by the company.....	159,720
Interest from Mineral Range Railroad Co. on bonds held by the company.....	50,160
	1,280,812
	\$17,123,658
Deduct fixed charges.....	7,052,197
Surplus.....	\$10,071,461
Deduct amount applied against cost of steamships.....	150,000
Net surplus.....	\$9,921,461
From this there has been charged a half-yearly dividend on Preference Stock of 2 per cent. paid 1st April, 1903. \$650,000	
And a half-yearly dividend on Ordinary Stock of 2½ per cent., paid 1st April, 1903.....	2,312,500
	2,762,500
	\$7,158,960
From this there has been declared a second half-yearly dividend on Preference Stock of 2 per cent., payable 1st October, 1903.....	\$650,000
And a second half-yearly dividend on Ordinary Stock of 3 per cent., payable 1st, October, 1903.....	2,635,000
	\$3,185,000

The working expenses for the year amounted to 63.97 per cent. of the gross earnings, and the net earnings to 36.03 per cent., as compared with 62.44 and 37.56 per cent., respectively, in 1902.

We have compiled the following table to show how

the business of the past year compares with 1901 and 1902, a comparison which all friends of the line, which means all Canadians, will read with gratification

	1903.	1902.	1901.
Gross earnings.....	43,957,573	37,693,054	30,855,293
Working expenses.....	28,120,527	23,417,141	18,745,828
Net earnings.....	\$15,836,846	\$14,085,913	\$12,109,375
Income from other sources.....	1,286,812	958,827	933,425
	\$17,123,658	\$15,044,740	\$13,042,800
Less fixed charges.....	7,052,197	7,334,825	7,305,835
	\$10,071,461	\$7,709,915	\$5,736,965
Less applied against cost of steamers.....	150,000	150,000	150,000
Net revenue available for dividends.....	\$9,921,461	\$7,559,915	\$5,586,965
Increase over 1902.....	\$2,361,546		
Increase over 1901.....	\$4,234,496		

The Balance Sheet condensed, reads as follows:

ASSETS.	
Cost of railway and equipment.....	\$242,769,210
Steamships, including advance for purchase of Atlantic steamers.....	18,745,888
Securities, properties, due on land sales, materials, etc.....	68,913,796
Cash on hand.....	12,142,612
Total.....	\$341,680,276
LIABILITIES.	
Capital stock.....	\$84,500,000
4 per cent. preference stock.....	32,500,000
4 per cent. consolidated debenture stock.....	67,252,252
Mortgage bonds.....	47,238,086
Land grant bonds.....	14,500,000
Accounts, etc.....	76,862,793
Surplus.....	18,846,175
Total.....	\$341,680,276

We must defer further notice of this highly important and interesting Report to next week. The evidences of enlarged business are too manifest to need pointing out. The Canadian Pacific is developing traffic to a remarkable extent, and is gradually acquiring a stronger financial position every year.

ARE INSURANCE COMPANIES LITIGIOUS?

If consideration is given to the enormous number of policies issued by life assurance companies, as well as to the openings there are for disputes, and the opportunities afforded for fraud, it is a matter for surprise that so few law suits arise between claimants and companies. As each life company is the trustee for its policyholders, its manifest duty is to protect their interests from being to any extent injured by claims being paid which are not strictly due, in justice and equity. Owing to the unfortunate habit into which juries have fallen of giving verdicts against insurance companies, more out of sympathy with claimants than regard to the merits of their claim, the conditions of policies have been made as free as possible from such ambiguities of expression as leave an opening for misapprehension. But, it is a practical impossibility to frame an agreement be-