

sentatives. When the true effects of their policy of antagonism is understood, some "friends of the people," who are now doing their best to deprive the owners of the railways of the just revenues from their investments, may be relegated to positions where their power for mischief is more strictly limited.

* * * *

In Canada the monetary position is not as yet notably improved. It is still very hard to get loans from the banks. Call loans are quoted 6 to 6½ per cent., but the quotations are largely nominal. The strictest supervision is being exercised also over mercantile credits. Wherever it appears that a manufacturing or commercial customer is disposed to put the proceeds of his bank advances to speculative uses, or into fixed property, a sharp remonstrance may be forthcoming from his bankers. All over the country banking advances are regulated so as to make them conform to the soundest principles. There can be no doubt that this policy squares with the best interests of the country. We all know that many critics in the United States and Europe have been looking confidently for a Canadian panic or breakdown. The policy which the banks are carrying out is exactly what is required to prevent a break-down; and they should, therefore, have the cordial support of all Canadians who wish to have the country's good name upheld.

* * * *

In another six weeks the banking institutions will be beginning to relieve themselves of the loans carried through the winter on grain—in interior and lake terminals. Also, if London's position improves, it is to be expected that some important issues of our securities will be announced from there.

BANK BONUSES AND CAPITAL.

A circular dealing with the Canadian banks, recently issued by a Toronto financial house, puts forward the theory that the bonuses which have recently been declared by several of the banks are likely to be continued annually, *inter alia* for the reason "that a cessation of bonuses might be more harmful than otherwise." This appears to place the bonus distributions on a footing with the standard dividend in a way which is not desirable. There can be little doubt that the main reason why this practice of the payment of bonuses has been introduced by the Canadian banks was, not that their shareholders might reap a larger annual return, but that they might be rewarded in good years, while the standard dividend remained unchanged. It is entirely natural that the bank managements and directorates should take a cautious attitude in regard to their dividends. A reduction of its dividend rate by a Canadian bank has not taken place for a very long time, and were a bank now to take

this action it would probably find itself viewed with grave suspicion, if not with actual distrust. The adoption of the bonus policy meets this difficulty. Shareholders who would be aghast at a reduction of their standard dividend, which they have been accustomed to receiving, in some cases for prolonged periods, would readily understand the fluctuating character of a bonus, and that every year cannot be expected to be equally profitable. And from this point of view, it would seem undesirable that the idea should become widely held that the bonus is as certain as the banks' standard dividend.

That some of the banks who can well afford to do so, will continue to pay bonuses regularly with a view of making their stocks attractive to shareholders is quite possible. The problem of the provision of banking capital to meet the increasing demands of the country is a difficult one. But in this respect banks merely share the common lot, since there are few lines of industrial or commercial enterprise in Canada, where new capital is not constantly necessary in order to cope with increasing demands and expanding trade. That in the immediately-coming years, the banks will require to make large additions to their capital goes without saying, but it may equally be taken for granted that they will preserve a cautious attitude in this matter until the financial skies are considerably clearer than at the present time. The banks have not been immune from the general demand, during recent years, for a higher rate of interest, and in point of fact, the bank stocks generally now give the investor a higher rate of interest by a half or one per cent. than they gave some years ago. It has been argued that the double liability discourages investors from enlarging their holdings in the banks, and various proposals have been put forward with a view of obviating this difficulty. But in the case of the well-established institutions, having rest funds of 60, 75 or 100 per cent. and upwards of their paid-up capitals, the matter of the double liability is a point which it would seem the investor need not worry about excessively. Probably a sufficient explanation of any slowness in the demand for their issues which the banks experience is to be accounted for in the main by the enormous demands for available capital in the Dominion, and the attractions spread before it in numerous directions. It is unfortunate that foreign capital invested in Canadian banks in recent years has had several unhappy experiences. Had things been otherwise in this connection a free flow of banking capital from abroad might reasonably have been anticipated.

The City of Toronto is marketing another \$2,000,000 4 p.c. debentures in London through Lloyds Bank, to net the city 80½—one half per cent. higher than the amount netted by the city on an issue in January.