

the Government or by the Bankers' Association, would tend to reduce the best managed to the level of the worst managed bank, and to remove the premium on skill, honesty and ability. For, apart from fraud and stealing, what is bad banking? Clearly, it is the lending to favored or inside parties, and the inability to know good from bad paper, and "quick" from tied-up investments. Every conceivable reward should exist to bring pressure on a banker to decline questionable loans. The moment such pressure is removed, the opportunity is enlarged for taking on assets, which, at the first real emergency, will crumble in value, and leave the depositors unsecured even by long and difficult liquidation. Therefore, to relieve the banker from the logical consequences of his own mistake, of his own weaknesses, is to take away practically the only real safeguard effective on human nature in a business touching the trusts of countless financial interests. To relieve the banks from conducting a system of internal inspection on their own initiative would put a premium on the popular banker as against the careful and judicious banker. It would spread throughout the country the influence of men who care more for bigness than for safety in their accounts; and build up credit unsupported by legitimate trade. It would induce in the end financial disaster proportional to the extent of the doubtful banking.

#### THE GRAND TRUNK'S REPORT.

The most notable feature of the newly-issued half-yearly report of the Grand Trunk Railway is the increasing cost of fuel and labour. Transportation expenses increased in the half-year by nearly £200,000 in comparison with the corresponding half-year of 1911, or by over 14 per cent., a considerably higher ratio than the growth in passenger traffic, 9.6 per cent. or that in freight and live stock traffic, 6.3 per cent. The report states regarding the Grand Trunk Pacific that there is a deficiency of labour on all work under construction, so that the urgent plea of Mr. Smithers, the chairman, at the recent half-yearly meeting for additional channels whereby labour can be transferred to the Dominion can be readily understood.

The gross receipts and working expenses of the company during the half-year in comparison with the corresponding half-year of 1910, are shown in the following tables:—

GROSS RECEIPTS.			
	1912.	1911	In-crease.
Passengers . . . . .	£1,035,756	£ 944,570	£ 91,186
Mails and Express . . . . .	162,249	156,656	5,593
Freight and Live Stock . . . . .	2,496,200	2,347,954	148,246
Other Receipts . . . . .	140,123	112,002	28,121
	£3,834,328	£3,561,182	£273,146
WORKING EXPENSES			
	1912.	1911.	Increase.
Maintenance of Way and Structures . . . . .	£ 347,450	£ 395,713	£ 48,263*
Maintenance of Equipment . . . . .	605,637	600,415	5,222
Traffic Expenses . . . . .	118,049	114,947	3,102
Conducting Transportation . . . . .	1,568,289	1,373,042	195,247
General Expenses . . . . .	109,149	96,524	12,625
Taxes . . . . .	44,711	47,564	2,853*
Total . . . . .	£2,793,285	£2,628,205	£165,080
Percentage of Gross Receipts . . . . .	72.85	73.81	0.96*

\* Decrease.

The following table shows the disposition of the revenue for the half-year, and also for the June half-year of 1911:—

	1912.	1911.
	£	£
Gross Receipts . . . . .	3,834,328	3,561,181
Working Expenses . . . . .	2,793,286	2,628,205
Net Traffic Receipts . . . . .	1,041,042	932,976
Rentals and interest, etc. . . . .	111,023	159,399
Net Revenue Receipts . . . . .	1,152,065	1,092,375
Net Revenue Charges* . . . . .	761,961	729,378
Surplus . . . . .	390,104	362,997
Balance brought forward . . . . .	6,831	9,105
Available for dividends . . . . .	396,935	372,102
Dividends . . . . .	388,407	360,442
	8,528	11,660

\* Rents of leased lines, interest on debentures and bonds, deficiencies in Canada Atlantic, and Detroit, Grand Haven & Milwaukee railways.

It will be seen that a considerable saving was effected in expenses under the heading of maintenance of way, etc., which partially offset the heavy increases in other directions so that there was in the aggregate a fractional falling off in the percentage of working expenses to gross receipts. There was a heavy falling off in rentals, outside operations and car mileage, this account showing a deficit of £33,504 in the last half-year in comparison with a credit of £22,431 in the corresponding period, so that the item rentals, interest, etc., is reduced by a net amount of nearly £50,000. Of subsequent charges, debenture interest is £32,000 higher, and the Canada Atlantic and Detroit, Grand Haven deficiencies are more than £20,000 higher than in the same period of 1911.

With regard to the progress of the Grand Trunk Pacific, the report states that the line has been laid to Tete Jaune Cache, sixty miles west of the summit in the Yellowhead Pass, on the Western slope of the Rocky Mountains, and 1,100 miles west of Winnipeg. It is hoped that the grading will be completed to the second crossing of the Fraser River, a further distance of 120 miles, before the end of the year. From Prince Rupert, on the Pacific Coast, the line has been laid eastward as far as South Hazelton, a distance of 180 miles.

#### BANK OF MONTREAL DECLARES ANOTHER BONUS.

The directors of the Bank of Montreal have declared, in addition to the usual quarterly dividend of 2½ per cent. for the period ended October 31, payable on December 1, a bonus of 1 p.c. As a similar bonus was paid to the shareholders in June the total distribution to the shareholders during the bank's year which closed yesterday, will have been 12 per cent. This is excellent evidence that the period has been a satisfactory one to the Bank from the profits point of view. It will be in recollection that at the last annual meeting, in reply to the questions of a shareholder, Mr. Angus, the president, stated there was no doubt whatever that if the profits were adequate an additional dividend would be paid, but it depended so much on the outcome of the year's business that nothing definite could be said in anticipation. Evidently the course of events has been favorable this year.