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THE GENERAL FINANCIAL SITUATION.

The Bank of England secured the South African gold offered in London this week, which amounted to $3,500,000. The 3½ p.c. bank rate established last week was allowed to stand, but the city evidently expects a further reduction in a short time. In the London market call money is 3 to 3¼; short bills, 3½; and three months' bills, 3 5-16 to 3⅜. At Berlin discounts in the market are 3¾ while the Imperial Bank of Germany quotes 5 p.c. The Bank of France also adheres to the official rate hitherto quoted by it —3½ p.c. In the Paris market discounts are 3 p.c. Generally European rates are tending downwards and the securities markets are growing more cheerful. The chief contributing cause is the visit of Viscount Haldane, the British Secretary for War, to Berlin. The conferences with the German Emperor and his chancellor have aroused hopes in both countries that Britain and Germany are on the eve of a broad understanding or arrangement regarding territorial acquisitions by Germany. It is hoped that the relations between the two powers will undergo sensible improvement. Naturally the securities markets would be affected by an amicable settlement of some of the points in controversy.

In New York monetary conditions are unchanged. Call loans, 2¼ to 2½ p.c.; sixty day loans, 2¾; ninety days, 2¾ to 3 p.c.; and six months, 3 to 3¼. Another loss in reserve strength of the clearing house banks was disclosed by the Saturday statement. In the case of the banks and trust companies the loans increased $10,329,000; the cash decreased $5,700,000; and the excess cash reserve decreased $3,159,000, falling to $37,616,850. And in the case of the banks alone the surplus decreased $4,746,500. In spite of the confirmed pessimism of a large portion of the financial community, it appears that general business in the United States is undergoing steady but slow improvement. One of the signs thereof is the statement of unfilled orders as at the end of January, on the books of the United States Steel Corporation. These amount to 5,379,721 tons as compared with a total of 3,110,919 tons at the end of January, 1911. It is said that the mills of the Corporation in the new town of Gary are now working full time. Although the low prices of iron and steel products are supposed to be interfering with the earning of good profits by the iron manufacturing concerns, they are not without their favorable aspect. Low prices of iron and steel serve to stimulate activity in divers other industries. Construction of buildings is more profitable because the cost is sensibly lessened. Acquisition and equipment of mills and factories proceeds more cheaply; the capital costs of new manufacturing plants are thereby lessened, giving the enterprises a better chance of successful operation. Then the operating costs of the railways are reduced when the transportation companies are able to secure heavy discounts or price reductions in the iron and steel purchased by them.

It is possible that the financial and industrial interests of the United States have been giving altogether too much attention to the disturbing effects of the presidential election and to the propensity of the Government to sue or attack the big corporations. The public has had a striking illustration in the case of the Standard Oil prosecution of the fact that when a suit of this kind is entirely and unreservedly successful it may not achieve the desired result of cheapening prices to consumers. The Standard Oil case was truly a glorious victory; the wicked Trust was beaten at all points. It was ordered by the courts to dissolve into its many component parts. Prompt obedience followed the issuance of this mandate. A huge force of extra clerks were employed in calculating how many ten thousandths of a share of each subsidiary corporation every holder of Standard Oil stock was entitled to. And the various subsidiary corporations left the office of the parent company in order to set up its own independent (?) office in New York or some other city. But the