changing sentiment and his willingness to examine a wider circle of securities. The preference may be given to a five per cent. bond yield rather than to a three and a half per cent. gilt-edged stock. Having scrutinized the security offered for his five per cent., the investor, with his education and consequently increased speculative turn of mind, is willing to take what small hazard there may be in a security yielding a higher return. Mr. Kuhn asks, Can we expect the investor to invest in British municipal stock yielding him 3½ per cent. while great Canadian provinces are willing to guarantee a yield of 4½ per cent.?

This explanation of the decline in Consols and the difficulty which many governments experience in meeting their financial requirements does not help to remedy the situation. A New York writer thinks that the remedy seemingly the most clear to the British Government—and to all other Governments, States, cities, corporations and institutions whose investments have shown in recent years slow but persistent shrinkage—namely, to advance the interest rate of the securities they issue in the future, is just the remedy which is hardest to apply. New York city tried it in 1907—and sent the price of its existing 4 per cent. bonds tumbling some 6 or 7 points. The alternative is economy. Governments are proverbially reluctant to economize, but clear-headed bankers in London have for a number of years pointed out that had the British Government conserved its resources when times were good and thus provided means with which to tide over hard times, instead of distributing its funds recklessly, there would not now be such an enormous supply of Consols outstanding, of which part is being constantly pressed for sale by holders who no longer are satisfied with small, even if secure, returns.

Economy, therefore, must be the aim of Great Britain, if it would once again see the price of its securities mounting, and not alone of Great Britain, but of every nation or State whose credit is impaired by the low prices of its issues. If these Governments go ahead, spending money only where necessary, and watching for possible economies everywhere, it would not be long before the output of new gold would bring the supply of capital again to a balance with the supply of securities, and slowly but surely send the prices of the best of them up to the level where they belong.

CHEAP MONEY ABROAD.

Both the Bank of England and the Imperial Reichsbank, Berlin, reduced their discount rates recently, the former from 3½ to 3 per cent. and the latter from 4½ to 4. Such a simultaneous reduction is of infrequent occurrence, and, although in this particular instance, it may have been only a coincidence, it is a striking demonstration of the cheapening of money abroad. In each case, the reduction is the second made this year. The Bank of England's proportion of reserve to liabilities shows considerable strength, and, with the deletion of the general election element and the termination of special treasury borrowing in the near future, that strength can only find outlet in the maintenance of the present or a further reduction of the rate.

While the fluctuations of the Bank of England rate are naturally watched with keen interest, prominent financiers think that they should be less frequent. Speaking at the recent general meeting of the London City and Midland Bank, Sir E. H. Holden recalled the fact that the Committee of the London Chamber of Commerce passed resolutions that Bank of England notes issued against Government debt and securities formed an undue proportion and should be reduced. This would permanently increase the amount of gold in the issue department of the Bank of England, but it would not maintain the reserve of the Bank of England at such a high level as would prevent the fluctuations of the discount rate. Bankers hold sovereigns as part of their reserves. These sovereigns are a dead weight on the bankers and play no part in preventing fluctuations of the bank rate. That bankers should hold bar gold in the place of sovereigns, suggests Sir E. H. Holden is an experiment worthy of trial.

ADVICE FROM A NEIGHBOR.

A hint is given, to Canadian insurants wise enough to take it, by a New York writer, who notes that a decision of a Canadian court which has been regarded as opening the door to companies not licensed to do fire business in Canada, results in two firms of New York brokers advertising that they are willing to write large lines in the Dominion at rates below tariff and to allow liberal commissions. "In their cards and circular letters, however, we do not discover the names of the companies they represent, nor in which they are able to place risks."

What follows may be especially commended to the business men who think they have no freedom in underwriting under Canadian law, and, therefore, fly to the States for "protection." The Spectator says:—

"If Canadian property owners are unable to secure all the insurance they need in the regularly licensed companies, which are subject to supervision by the Canadian authorities, and which bear the expenses of such supervision, the chances are that local agents with whom the property owners are acquainted can do as well for them as can non-resident brokers of whom the insured knows nothing; and the agents would naturally feel some degree of responsibility to the insured for the companies in which they place business. It would, therefore, appear to be the best policy for residents of Canada to deal directly with agents in their own vicinity, instead of going far afield for their insurance."

EDITORIAL NOTES.

British Columbia seems to be taking a wild gallop in oil and real estate speculations. Ontario has tasted the fruit of mine gambling and found it bitter. The prairie provinces two years ago mixed in bad proportions optimism, the future and real estate. The West suffered. One consolation on the Pacific coast is that the highest business and financial authorities are doing their best to check speculative silliness.

* * * *

That United States capital is invested in Canada to the extent of $250,000,000 was the conclusion arrived at by the Monetary Times after a long and careful investigation of the subject. A statement is now being prepared of the amount of British capital invested in the Dominion. Statistics and information are being gathered regarding Canadian public flotations in London, British investments in mines, lands and timber, the sum placed by Scotch cities with the loan and mortgage companies of Canada, money invested privately and British capital placed into the development of Canadian industries. This article will, it is hoped, prove one of the most interesting, detailed and authoritative on the subject. We shall be glad to hear from any readers who have statistics or comments which might prove of value in making the compilation. Canada, besides being a heavier borrower among nations, is naturally at the same time attracting world wide attention as a field for investment. Both British and United States capitalists and captains of industry have loaned us immense sums of money and have expended time and labor in helping, together with their Canadian colleagues, to develop the Dominion. It will probably be found that during the next ten years, Canada will be the central point of attraction for the financier, the investor and the business man. In this country exists opportunity, something which is continually being sought. In this connection the statements of United States and British investments will prove of unusual value.