

It is extremely rare for any change to be made in the Bank of England rate on any day except Thursday. Instances occur rarely when some sudden change of position makes it essential, as at the end of 1906, when the bank rate was raised to 6 per cent. on a Friday morning. In normal times the rate which is fixed on one Thursday is maintained until the next, though the rate is only a minimum and the Bank of England occasionally takes advantage of this fact and refuses to discount at its minimum, which still remains ostensibly the bank rate, while the bank actually makes a rather higher charge, which is usually made the official rate on the next Thursday.

The Bank of England rate was reduced from 10 to 6 per cent. on Thursday, August 6th.

## CANADA'S STRONG BANKS MADE STRONGER

### Dominion Government Takes Proper Precautions—It Is Ready to Help the Banks

The Dominion government has taken steps to prevent any financial crisis in Canada, and has authorized the banks, if necessary, to issue notes against their securities. They are also authorized to pay in bank notes instead of gold and issue excess circulation. The Canadian banks are in excellent condition, and may not have to resort to the measures provided by the government. It is quite proper, however, to be well prepared for any possible emergency. The banks of Canada for months past have been placing themselves in a strong position to cope with the trade depression and other elements in times of peace. They are ready, therefore, to handle, in the safe and conservative manner of British banking, any emergency caused by war.

#### May Not Be Necessary.

The official statement issued by the Hon. W. T. White, minister of finance, is as follows:—

"Having regard to the world-wide financial crisis which has developed upon the outbreak of hostilities in Europe, and in view of the action of the Imperial government for conserving the financial and commercial interests of the United Kingdom, the minister of finance announces on behalf of the Dominion government, while it is not probable that such action on its part will be required, it stands ready to issue Dominion notes to such amount as may be necessary against securities deposited by the banks and approved by the minister of finance.

"The minister of finance further announces that the government has authorized the chartered banks of Canada to make payments in bank-notes instead of in gold or Dominion notes until further official announcement in that behalf. This action will tend to conserve the Canadian gold supply against demands from foreign sources, a course now being followed by all the leading nations of the world.

#### May Issue Excess Circulation.

"The minister further announces that the government has authorized the chartered banks of Canada to issue excess circulation to an amount not exceeding 15 per cent. of their combined unimpaired paid-up capital and rest or reserve fund from this date until further official announcement.

"Any necessary special legislation will be obtained at the next session of parliament.

"The minister further announces that the government is prepared, if necessity should arise, to give every possible assistance in order to prevent any avoidable interruption of stable business conditions, and for this purpose it will not hesitate to use to the fullest extent all existing powers, and to ask further powers from parliament if that course should seem necessary or expedient."

"England has tried consistently to secure peace. It was not possible, however, because of the briefness of the time and the disposition in some quarters to force matters rapidly to an issue. If in a crisis of this kind we ran away from our obligations of honor and interest with regard to the Belgian treaty, I doubt whether whatever material force we might possess at the end would be of much value in face of the respect we should have lost. So far as the forces of the Crown are concerned, the Premier and First Lord of the Admiralty have no doubt whatever of their readiness and their efficiency. They never were at a higher mark of readiness. There never was a time when confidence was more justified in their ability to protect our shores and our commerce."—Sir Edward Grey, in the British House of Commons.

## WHY LONDON CLOSED EXCHANGE

### Action Was Made Compulsory—Prices Dropped But Shares Did Not Change Hands

The closing of the London stock exchange on Friday last week, the last of a long line of exchanges, revealed how serious was the breakdown in finance and credit due to war and its alarms. A Windermere cable message from London, a service which *The Monetary Times* enjoys, said:—

The closing of the London stock exchange was made compulsory by its unprecedented position as the clearing house for international business consequent upon the demoralization of the continental bourses. The feelings of national pride made the idea most unwelcome to stock exchange committees, but the necessity was imperative. When London was made Europe's dumping ground the prices continued to drop without shares changing hands, consequently there was no relief to the holders. The postponement of Paris settlement was the last straw which threatened to involve many London firms."

#### Exchanges Closed Everywhere.

Other dispatches from London stated:—

"The stock exchanges in London and the big provincial cities as well as those on the continent were closed owing to the breakdown of the credit system, which was made complete by the postponement of the Paris settlement."

"Fifty brokers informed the stock exchange committee that they would be compelled to default on account of the postponement of the Paris settlement, and it is believed another fifty would have gone to the wall if the market had not been closed."

"Bankers here had been trying for days past to get their customers to take up this stock but the impossibility of finding cash and the inability to sell the securities caused credit business automatically to cease and the closing of the exchange became necessary.

"Bankers opposed the closing of the exchange at first, fearing that the effect upon the public would be worse than a continued nominal fall in securities. Later they agreed that a rest would be advisable."

#### In Toronto and Montreal.

The markets for public securities which were closed on Friday, July 31st, included the following:—London stock exchange, Manchester stock exchange, New York stock exchange, Liverpool stock exchange, Chicago stock exchange, Boston stock exchange, Pittsburg stock exchange, New York cotton exchange, Philadelphia stock exchange, New York coffee exchange, New York consolidated exchange, New York curb, Winnipeg stock exchange, Glasgow stock exchange, Edinburgh stock exchange.

The Toronto and Montreal stock exchanges were the first to close on this continent on Tuesday, July 28th, the Vienna exchange having closed on the previous Saturday. It is stated in Montreal and Toronto that strong "pools" have been formed to support stocks in case they show any tendency to decline at an alarming rate. The Canadian exchanges naturally will not open before the London and New York exchanges have taken up business again.

As a result of the financial panic and stock exchange fluctuations, there have been failures of stock exchange, financial, cotton and grain houses in London, New York, Berlin, and other centres. The National Penny Bank of England has suspended payment.

#### Banking Position Strong Here.

The banking position in Canada is exceptionally strong, the chartered banks having been trimming financial sails for nearly three years. A certain number of commercial, financial and industrial failures, however, can scarcely be avoided in such times as these. Some unfortunately must be expected.

The Bank of England directors on Monday met and decided to recommend that the Government extend the bank holiday (August 3) another three days till Friday. The extended "holiday" is intended to apply only to the banks to enable the Government to take emergency measures, one of which is the issue of one-pound notes, which, although unofficially announced, is being carried into effect as rapidly as possible, and it is expected will be ready the beginning of next week. If further small currency is needed postal orders will promptly be made available.