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THE GENERAL FINANCIAL SITUATION.

Most of the $3,500,000 Transvaal gold offered in London on Monday passed into the possession of the Bank of England. Bank rate is maintained at 5 per cent. In the open market call money is quoted 4½ to 4¾ p.c.; short bills are 5 p.c.; and three months' bills, 4 15-16.

On the Continent the financial markets are still disturbed. Bank rate at Paris is 4 and private rate 3⅞; while at Berlin bank rate is 6 and private rate, 5⅛. The immediate cause of further unsettlement was found in the rumors of impending trouble between Austria and Russia. A diplomatic authority, supposed to be well informed, stated that these two great powers are no nearer agreement than they were when the question of the Servian claims first assumed prominence. Whether from this or another cause the Continental markets underwent a fresh spasm of liquidation. Canadian Pacific stock is always acutely sensitive to European influences; and hence a sharp decline in that security was seen.

Interest rates in New York rose further. Call loans are quoted 3½ p.c.; sixty day loans are 4½ to 4¾; ninety days, 4½ to 4¾; and six months, 4¾. The Saturday statement of all clearing house banks in New York showed a small gain in surplus. Loans decreased $2,390,000, and cash holdings dropped $600,000—the net result being a gain of $689,000 in surplus. The banks alone reported loan contraction of $6,534,000, a cash gain of $200,000, and an increase of $2,064,000 in surplus. In their case the surplus stands at $9,316,250, and in case of all members of the clearing house at $8,946,900. The gold exports have been the chief cause of the decline in surplus. The New York *Evening Post* points out that there has only been one occasion since the gold movement following the Venezuela panic when so large a total sum of gold has left New York in the first half of the year. The abnormally large export movement has come to pass because New York has been the cheapest of the great international markets for borrowing purposes. And it has been the cheapest market because European rates have been driven to abnormally high levels by the unsettlement following the Balkan war.

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However, there have been plenty of factors operating on this side of the Atlantic to check speculative enterprise and thus decrease the demands on the money market. The railway managers have submitted, under the strongest protests, to the pressure put upon them by the Federal Government; and the firemen's demands for increased wages will go to arbitration. It seems quite probable that the usual results will follow. The railways have little hopes of winning out; all that they expect is that the arbitrators will not grant the demands of the employees in full. Scarcely any demand of workmen which goes to arbitration fails entirely; the arbitrators always seem to believe that they must grant at least a part of the demands. And so the railway costs go up. It is said that the conductors and trainmen are now getting ready to press their demands for higher pay. No wonder stockholders in railway enterprises are becoming disposed to liquidate their holdings.

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The latest news from Mexico is to the effect that the political turmoil there may settle down shortly. The serious injury done to American interests has caused much discussion of the question of intervention. It is assumed, of course, that if the United States Government intervened the warring factions in Mexico would unite to fight the invaders. And it appears certain that the military experts were consulted regarding the cost of intervention. They are reported as advising that it would probably take an American army of 200,000 men two years to restore settled conditions in Mexico; and that the cost to the United States Treasury would be $1,000,000 per day, or say $700,000,000 in all.