Meantime call loans in Montreal and Toronto continue to be quoted at 6 to 6½ per cent., and commercial paper at 6 to 7.

EUROPEAN MONEY.

In London call money is 1¼ to 1¾ per cent., and discount rates are 3¼. The Bank of England quotes 5 per cent. as heretofore. The Bank of France and the Imeprial Bank of Germany also adhere to the official rates recently in vogue, namely, 5 and 6 p.c. respectively. Market rate at Paris is 4 p.c., and at Berlin, 6¾.

NEW YORK MONEY.

Call loans in New York are still officially quoted at 6 to 8 per cent. It is stated that a downtown bank in New York has been offering call money at 6 per cent., and that in other quarters time loans on good collateral were obtainable at 7 per cent.; but it appears that the lower rates have not as yet become general. The Saturday bank statement shows the New York banks and trust companies to have practically wiped out their deficit. In case of all members of the clearing house the loan contraction amounted to $4,400,000. and the cash holdings increased $6,100,000. As note circulation increased about $2,100,000 the improvement in reserve amounted to $6,850,000. Thus the deficit of $7,791,000 was reduced to $934,000. In case of the banks alone the loan contraction was $6,800,000 and cash gain $6,055,000—the deficit of $1,445,000 giving place to a surplus of $5,043,000. This improvement of position must necessarily be of importance in enabling the New York bankers to lift the ban on cash or specie payments within a reasonably short time. The wiping out of the deficit is the more remarkable inasmuch as it has occurred in spite of the shipment of considerable amounts of gold from New York to Ottawa.

FINANCING COTTON.

However the problem of financing the United States cotton crop is yet to be solved. The customary market in Europe has been lost for the time being as a result of the war; and it is not clear as yet when the demand from that quarter will revive. In the meantime agitators in the United States corresponding to our own W. F. MacLean are earnestly pressing for the creation of "corn-tassel currency" in huge amounts as a means of relieving the distress of the southern cotton growers.

Lloyd's underwriters are issuing policies against possible damage to Londoners' dwelling by hostile Zeppelins. Private dwellings are being covered at 3s. 6d. per cent., the policy insuring against damage of all descriptions due to the hostilities. Private persons can be insured against death or injury from the enemy at 1s. 6d. per cent. per annum provided they continue to reside in Britain during the period of the policy.

THE LENGTH OF THE WAR—AND AFTER.

(*Continued from front page.*)

ment will replace the sentimental preference which undoubtedly has been given us in the London market in recent years, but which has lately been growing a little thin, possibly because we imposed on it.

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Again, a factor working in favor of Canadian issues in the London market will be the increased taxation in Great Britain, which is bound to follow upon this war. There is only one way in which many thousands of Britishers can get back on increased taxation, and that is by getting a larger income from their investments. They can get that in Canadian investments. On the whole we see no reason for a shortage in supplies of capital to Canada in the future, though our borrowers will find they will have to fall in with the general line and pay somewhat more for it than what they have hitherto been accustomed to paying, and our promoters may perhaps discover that the profits of one promotion are no longer sufficient to enable one to rank as a millionaire.

REAL CAPITAL OR WATER.

A Toronto contemporary whose opinion on financial matters is usually conservative is surely a little wide of the mark, when it attributes the recent deferring of dividends by a number of Canadian companies to insufficient capitalisation. His worst enemies have never accused the Canadian promoter of undue modesty in regard to the size of the capital account, and we should have thought it was sufficiently obvious as a result of recent events, that over-capitalisation rather than under-capitalisation is the thorn in the flesh of a good many of our organisations.

Insufficient funds rather than insufficient capitalisation is the real explanation of a good many recent dividend-passings. The simple fact is that much of the financing which has taken place in Canada during recent years has been of a fair-weather variety, which wilfully or negligently over-looked the fact that booms do not go on for ever, and that a concern which is supposed to have a fair degree of permanence, must be equipped to meet financial storms. Extravagant recompense to promoters, and generally wasteful methods of organisation and financing, have resulted in capital accounts swollen with water, and insufficient real money to take the concern along comfortably during a period of financial stress.

There is good reason to believe that the London market is about tired of this kind of thing and that if Canadian industrial promotions are to be made there successfully in the future, the promoter will have to frame his proposition on considerably more conservative lines than those which he has hitherto favored—lines which will ensure a sufficiency of real money for the concern and will mean a considerable lessening of the load of paper capital that is now so popular.