

THE GOLD FLOW TO EUROPE.

REASONS WHY FOR AN ENORMOUS MOVEMENT EXCEEDING FIFTY MILLIONS THIS YEAR—THE END NOT YET IN SIGHT.

The gold flow from this side of the Atlantic to Europe has exceeded \$50,000,000 this year, and the end is not yet in sight. Still very considerable in size are the balances in America of the French and English bankers, and as long as orders continue to come from the other side to send over this money, gold is bound to continue to go for the very simple reason that there is no other way in which the money can be sent. Eventually, of course, the loss of so much gold will bring about a firmer money market, which, in turn, will react upon foreign exchange rates, driving them down and putting a check upon the gold outflow. With financial conditions as they are, however, that is not likely to take place until the movement of gold has assumed materially larger proportions.

REASONS OF THE MOVEMENT.

The situation is, as explained by Mr. Franklin Escher, that America's standing indebtedness to Europe, no longer offset by favorable balances on merchandise and securities account, has become actually due and payable. Even so, were conditions in Europe different, the indebtedness might be allowed to stand for the time being and the money be left on deposit here; but with financial conditions abroad as they are that is out of the question. The falling off in the trade and securities balance, which puts America in Europe's debt, happens to come just at a time when in all the markets of Western Europe the need for gold is particularly urgent.

A SCRAMBLE FOR GOLD.

This European hunger for gold is particularly important, because of its bearing on the outflow of gold. It is one thing to owe money to a man who has no particular need for it, and quite another to owe money to a man who wants it. The foreign creditors are in the latter case. For nearly a year now, between London, Paris, Berlin, and St. Petersburg, there has been a veritable scramble for gold, with the result that, by the payment of extravagant premiums, the lion's share has gone to Russia. So insistent, indeed, has been the Russian Government on building up the vast store of gold in the vaults of the Imperial Bank, and so willing has it been to pay practically any premium, that the supply of the precious metal available for the uses of the other European markets has been entirely inadequate. By Russia's urgent bidding the other markets, with the exception of London, have been swept bare.

It is this fact, without doubt, which has been mainly responsible for the delay in the flotation of the great French Government loan, scheduled for as far back as last summer. With Russia bidding frantically for all the new gold arriving from the mines the Paris bankers have found it impossible to bring about that grooming of the market and increase in bank reserves which must necessarily precede every such great national flotation. There was nothing else to be done but to postpone the issue of the bonds until such time as the Russian depredations on the gold supply should cease.

FRANCE NOW PILING UP THE METAL.

That time, it would seem, has now come. With the vaults of the Russian Imperial Bank stacked high with by far the greatest amount of gold they have ever held, there has been distinct abatement in the demands from that quarter. For the Banque de France largely to increase its gold holdings has again become possible, and the operation is being carried on with a will. What is more natural, therefore, than for the French bankers having money on deposit in New York, knowing full well that gold is the only form in which it can be sent to them, to demand its repayment? Leave the money in New York to draw interest at the rates prevailing there when the home demand for funds is so urgent! Hardly can that be expected. So by cable and by post come fresh requests to remit. As a consequence, the supply of bills available for remittance being entirely inadequate, gold by the tens of millions goes flowing out.

INSPECTION OF MONTREAL'S WATER SYSTEM.

In reply to the request of the Canadian Fire Underwriters' Association for an inspection of the Montreal water works system and generally of the fire protection arrangements of the city, by the engineers of the National Board of Fire Underwriters, the controllers are said in the daily newspapers to have passed a long series of resolutions declining to allow the city to participate in the cost of a general inspection. However, say the controllers, "if the said Canadian Fire Underwriters Association still thinks of suggesting some improvements for further protection against fire, the Board of Commissioners is ready to furnish the National Board of Fire Underwriters information required as necessary for the proposed report, to be made by the said National Board of Fire Underwriters, it being clearly understood that on the sufficiency of the water supply for fire protection, this proposed report will simply or only comprise a statement of the extent of any deficiency which may exist in their judgment, but will not comprise directions or suggestions as to the way that said deficiency may be overcome in the future, as this latter is a question that should be studied and solved by the water works engineers."

Although the full text of these resolutions was published in the Montreal daily newspapers of last Saturday, THE CHRONICLE is informed that up to yesterday (Thursday) afternoon, there had been no communication to the Canadian Fire Underwriters on the subject.

CONFEDERATION LIFE ASSOCIATION.

Mr. J. Tower Boyd, general superintendent Confederation Life Association, spent a few days in Montreal last week. Mr. Boyd, who is thoroughly familiar with conditions throughout the Dominion, having regularly visited the important centres for many years, speaks very encouragingly of a general improvement in business. The Confederation, by its usual conservative methods, is well upholding its high reputation among its policyholders.

Mr. J. C. Stanton, Jr., Superintendent of Agencies Sun Life Assurance Company, has returned from a three weeks' trip to the Coast, visiting the Agencies of his Company. He reports excellent business in some of the important centres visited.