MAINTAINING PRODUCTION AND INCOME: SIR GEORGE PAISH'S ADVICE.

Sir George Paish, the well-known English economist, whose services have been retained by the British Treasury department to advise on the financial and economic problems arising as a result of the war, advices strongly that ordinary business should be as far as possible proceeded with so that both production and income may be maintained at the highest possible levels during the present period of stress.

"At such a time," he says, "it is of the greatest importance that every one should endeavor to act as if great events were not impending. Were confidence seriously disturbed business would come practically to an end, and our ability to face the difficulties that may be in front of us would be seriously impaired.

"Therefore, it is of vital importance that, as far as possible, the events that are now taking place should not interfere with the daily life and the daily work of the nation.

"It cannot be too clearly realized that the nation's income is dependent upon its daily work and its daily production, and that at a time such as the present it is desirable that every one should work harder and be more productive, in order that we may have the income, and therefore the money, with which to meet any expenditure and any burden that may be placed upon us.

COURAGE AND CONFIDENCE NECESSARY.

"In the current year the new issues of capital in the London market alone will probably reach £250,000,000, after providing for the nation's expenditure upon the construction of houses and extensions of works. If the occasion should arise the British people should be able, without any serious difficulty, to raise loans amounting to £200,000,000 a year over and above any sums they may derive from the sale to the United States of a part of the great quantity of American securities they now possess.

"But for this to be accomplished the situation must be faced with courage and confidence on the part of every one. Investors must continue to invest, bankers must continue to lend, the Stock Exchange must continue to deal, and every one according to his ability must endeavor to work hard in order that individual incomes, and therefore the income of the whole nation, may be maintained at the highest possible level."

A HUGE PREMIUM INCOME.

Insurance companies under the supervision of the Dominion insurance department last year received in premiums a total of $76,080,816. Of this amount Canadian companies received $36,222,419, and British, American and other companies, $39,842,064. Fire premiums totalled $25,745,947, life (exclusive of assessment), $38,658,593 and employers' liability (the next largest), $3,516,758.

American insurance companies transacting an annuity business, it is said, will have to make large increases in their rates. Most, if not all, the companies transacting it are said to have been losing money on the business, either because their rates were too low or, what amounts to the same thing, their benefits were too high.

EFFECT OF WAR ON BRITISH COMMERCE.

The following table compiled by the London *Economist* distinguishes British trade during the first half of 1914, according to present international alignments:—

DIRECTION OF TRADE IN FIRST HALF OF 1914 IN THOUSAND £.

	Imports.	Exports.	Re-exports.
	£	£	£
Allies	50,675	29,452	14,903
A.-Hungary and Germany	43,095	20,779	12,032
Belligerents	93,770	50,231	26,935
N.-W. Europe	33,030	18,423	3,600
Rest of Europe and Mediterranean . . .	26,679	29,888	1,967
N. and S. America (foreign countries) . . .	108,030	39,980	19,540
Other foreign countries (Asia and Africa) . .	19,745	22,695	527
British Possessions. . . .	94,629	94,240	6,707
	375,883	255,458	59,276

The figures show that trade with belligerents amounts to nearly 25 per cent. of the total in the case of imports, to less than 20 per cent. in the case of exports, and to about 45 per cent. in the case of re-exports. The table also shows, continues the *Economist*, that so far as trade with Germany and Austria-Hungary is concerned there is a considerable balance of imports; that is to say, we normally owe those countries more than they owe us, so far as payment for actual material goods is concerned. Our re-export trade to them is large, but the exports of British goods are less than half the imports. When all allowances have been made for interest due to this country, for payment for the services of British ships, etc., it is probable that British payments to these countries are at least equal to the payments due to us. The stoppage of trade with these countries is, therefore, not likely to cause the same dislocation to the international payments of Great Britain as would have been the case if there had been a large surplus of payments due to us from these countries wherewith to buy goods elsewhere. The same applies to trade with our Allies, though in this case there are, of course, large interest payments due to us from Russia which may or may not be interrupted.

ENORMOUS PAYMENTS DUE.

Trade with the Americas is interesting in this connection, for the enormous balance of imports is in this case chiefly due to the large amounts of interest payable on British capital invested in these countries; and unless there is complete commercial collapse in the New World there must be a large amount of payments to this country continually falling due which should be available for payment for imports, even if our export trade is checked for the time being. The amount falling due in this way in the case of the United States to all foreign countries is estimated at £40 millions in the next three months, the greater part of which is due to Great Britain. The existence of these payments will help materially to re-establish the exchanges between this country and the Americas.

Taking a long view, the prospect seems to favor gradual return of normal business activities. But the very unusual means adopted are likely to prolong the period of final readjustment. Given continued control of the ocean by our fleet, it is believed that the United States and England will make great captures in the field of neutral trade.—*London Cable.*