CORN AND CAUTION.

Wall Street is apparently endeavoring to discover just where it stands as regards the corn crop shortage. The immense reduction in the prospective yield of this cereal necessarily induces the market to move cautiously in the matter of marking up security prices. There is a disposition in some quarters to take the excellent results in winter wheat and the good prospects of the cotton crop as offsetting the loss in corn. But according to the information thus far available, it appears that the results in winter wheat and cotton serve as a means of escaping a very serious crop shortage. As regards spring wheat, the situation in the northwestern states seems to be similar in many respects to that of spring wheat in Western Canada. The acreage is slightly less than in 1912, and the crop may be somewhat less, but the quality will be good.

FUTURE OF CALL LOAN MARKET.

However the uncertainty in which the agricultural results are involved tends to prevent the speculative fraternity from engaging too boldly in market movements and in that way it serves to reduce the demands upon the money markets. It does not now appear likely that call loan rates in New York will rise to fancy figures this fall. Thanks to the intervention of the Secretary of the Treasury the strain at the centres is likely to be less than expected; and it will be surprising if call rates exceed 6 per cent.

EFFECT ON CANADIAN BANKS.

Should they remain in the neighborhood of 3 or 4 p.c., the Canadian banks will have an added inducement to call their New York loans and bring the proceeds to Montreal for deposit in the central gold reserves. If, on the contrary, call rates in New York rose to 7 or 8 per cent., as some bankers were expecting prior to the announcement of Secretary McAdoo's deposit plan, then the Canadian banks would be more reluctant to call their New York loans for the purpose of using the funds in the central gold reserve. High interest rates in New York during the early fall would thus have a tendency to cause our banks to use the taxed issues of notes in preference to the gold-covered notes. And low interest rates would perhaps cause them to prefer over-issue against gold.

The Department of Labour's index number of wholesale prices stood at 135.9 for July as compared with 136.9 in June, and 134.1 in July, 1912. The numbers are percentages of the price level during the decade 1890-1899.

* * * *

The experiment made two years ago by Lloyds Bank, of London, England, in opening a French branch has been so far successful that larger offices have had to be secured at 26 Avenue de L'Opera, Paris. It is quite possible that other English banks may follow this example and open a French branch.

CANADIAN MUNICIPAL BORROWINGS.

(London Times.)

A question often heard recently is, "Have not Canadian municipalities been extravagant?" A qualified answer must be given. They have been extravagant, particularly in the West, to this extent—that they have provided themselves and their inhabitants, by means of borrowing, with many conveniences and improvements which, in other places—*e.g.*, in the Western American towns—had to be provided gradually out of revenue. But after all, if a municipality can borrow money to pave its streets at once at, say, 4½ per cent., it may be better business to borrow to pave, and to pay the interest *plus* a sinking fund over a term of years, rather than spread the expenditure over the same term of years by meeting it out of revenue, and doing with partially paved streets in the meantime. It is largely a question of the cost of the money, and Canadian municipalities have been able until recently to get money very cheaply. No doubt easy money makes easy spending, and the tendency has been both to undertake improvements too hastily and to charge too much against capital account. That tendency will be corrected by the present difficulty in raising fresh loans. Meanwhile, Canadian towns have had their money cheap; and the interest and sinking funds which they will have to pay as charges on their past improvements are proportionately low.

RAPID GROWTH OF TOWNS.

In connection with Canadian municipal expenditure, it must be remembered that the growth of the towns in the last few years has been very fast. Even in the East it is extraordinary. Montreal is said to be increasing its population at the rate of 50,000 a year. But in the West, towns like Calgary and Edmonton have doubled and redoubled their population in the course of ten years. Even now, of course, they are not of first-class size. But it is the rate of growth which is remarked, and which intoxicates both the larger towns of the West and their smaller neighbours, which hope to imitate them. With this spirit in the air municipal expenditures are apt to be undertaken, on a somewhat ambitious scale, and with an eye to the future more than the present.

Indeed a good many people in Canada are not sorry that a check has been put on municipal borrowing. There was a feeling in conservative business quarters that the municipal councils were borrowing too easily, and were somewhat inclined to rush into popular schemes of improvement without considering the burden on the future. Many people, therefore, regard the temporary restriction of the loan market in London as a blessing in disguise, so far as the municipalities are concerned. It must be understood, however, that the blessing is considered to be such from the Canadian, and not from the British, point of view. It is held that the Canadian municipalities might contract a much larger debt than they have at present without running any risk of bankruptcy. But they might easily load themselves with debt charges to an extent which would be found burdensome in the future, particularly in towns which may not go on growing so fast as they have done hitherto. It is felt that it will be no disadvantage if the towns, especially the smaller ones, are compelled to go slow for a time, and either to wait for their improvements or pay for them out of revenue. A