THE WAR CLOUD'S INFLUENCE.

It will take a few days, probably longer, before one may be able to appreciate whether the present war cloud is any more serious than those that have recently passed. In international banking circles there is quite obvious a disposition to accord it greater importance that a mere passing shadow. Before it became a feature in the general stock market situation there appeared a disposition to view the home outlook from a more favorable angle.

How far the European war will finally affect the New York Stock Exchange market is a question on which important interests in the financial district are disinclined to hazard a prediction. New York at the moment is the only free market in the world for the sale of securities. The London market is more or less protected by the prices made by the jobbers in the various departments. But New York Stock Exchange securities are sold entirely without restriction and at the market price. Hence there is always inducement on the part of foreign holders of American securities in times of stress to realize first upon their American stocks and bonds. This is the main influence that has been responsible for the sharp declines in American securities during the last few days. The Continental exchanges have for practical purposes been closed either formally or informally to prevent panics. Even the Montreal Stock Exchange closed on Tuesday afternoon.

The second important influence on American securities of the war is the demand created for American gold. In part this outbound movement of the precious metal represents payment for securities that have been sold back to this side. Since the war excitement reached an acute stage at the close of last week, no less than $28,600,000 of the precious metal has been engaged by exporters. It seems safe to assume that every important mail steamer will take out considerable additional shipments for some little time. Tuesday's engagements amounted to $15,500,000.

The third influence of the war will be the sympathetic one. It is not to be expected that the enormous destruction of property and the horrible loss of human life that presumably are in sight in Europe can have anything but a depressing influence on the stock market, which is always so sensitive to the important developments throughout the world.

Local money rates have already responded in a moderate way to the withdrawal of gold from this centre. Money conditions, fortunately, are such that it will still be possible to spare a considerable further amount of gold without producing an important strain. The specie holdings of all the national and State banks and trust companies in the Clearing House, according to last Saturday's statement, amounted to $385,072,000. One year ago the total was only $346,128,000 and two years ago $358,653,000. In fact, the total now is the largest ever held by the Clearing House institutions for the corresponding week.—*New York Journal of Commerce.*

THE RETIREMENT OF FIRE COMPANIES.

One of the invariable results of any business enterprise proving successful is the entrance of rivals into the same field. Traders and capitalists generally are drawn to profitable areas as flies are to suitable food. When a mine is yielding good returns the miners do not usually abandon operations. How comes it then if fire is such a bonanza, as some affirm, that so many companies retire? Certainly there is no record of any enterprise being given up because its proprietors were tired of accumulating so much money. A small company is necessarily limited in its choice of risks; hence the temptation is strong to enter upon a class of business for which its resources are unequal. The operations of those organizations that now are monuments of financial strength were in their early years only small. They, however, only wrote risks in size and at rates proportionate to their capacity, and they were so judiciously selected as to place no restraint upon the growth of the business. Thus these now colossal companies went on expanding steadily, widening their sphere of operations, enlarging their business, increasing the size of risks they were ready to underwrite. Thus by prudent management and underwriting skill these substantial fire companies have become one of the bulwarks of commerce acting like a breakwater to protect the property and capital of traders from being washed away. Although present conditions are not as favorable to small companies as they were in past years when competition was hardly developed, it would not be fair to deny their being any opportunities for small companies to do a safe and profitable business. But this may be said without fear of challenge, that there are no opportunities for small companies to do a successful business unless such business is most prudently and most skillfully restricted to the narrow financial capacities of a small organization. A company with large resources can afford to take dozens of risks, any one of which, if it becomes a claim, would be sufficient to embarrass or swamp a small company. The tendency of the age to concentrate business in the hands of large companies formed by amalgamations and absorptions is too potent a force to be ignored.

Mr. E. F. Hebden, general manager Merchants Bank of Canada, will arrive in Montreal to-morrow from England ,where he has been for the past month.