

the cash increased \$6,460,000, and note circulation decreased \$3,000,000. The net result was a gain of \$6,450,000 in surplus, bringing the item up to \$14,914,950. In case of the banks alone the loan contraction amounted to \$5,900,000, the cash gain to \$6,500,000, and the gain in surplus to roundly \$6,000,000. This marked improvement in position has naturally been accompanied by easing of the money market position. Call money is now quoted at 6 per cent.; and while the demand for time money has been rather dull the supply appears to be ample and rates are 6 to 7 p.c.

FOREIGN EXCHANGE SITUATION.

The improvements in the foreign exchange situation continue in evidence and there is a strong conviction that the market is now definitely established on a more or less normal basis. New York continues to ship gold to Canada—shipments being announced every day or so. In most cases no details are given as to whether the specie is intended for the Bank of England or for the chartered banks in Montreal. Altogether since the end of July the American centre has shipped about \$59,000,000 gold to Canada.

RE-OPENING OF EXCHANGES.

With reference to the reopening of the New York Stock Exchange, it is understood that much will depend on the arrangements made in London for the resumption of business in that centre. At the beginning of this week official announcement was made in London of a plan to provide against forced realization on stocks. Briefly the plan is that the joint stock banks agree to allow their old loans on stock exchange collateral to remain standing until one year after the year. On the other hand the Government propose to arrange with the Bank of England to advance to the banks 60 p.c. of the value, at July 29th prices, of the collateral held by them, at a rate 1 p.c. above the bank rate. If this plan is finally adopted, and New York is also able to arrange regarding bank loans in that city, we may expect resumption of business within a reasonably short time.

ATLAS ASSURANCE ISSUES INTERESTING NEW POLICY.

The head office of the Atlas Assurance Company of London, now announces in England a "special war life policy" covering the risk of active service with His Majesty's forces, at home or abroad, without payment of the usual extra premium. This special contract takes the form of an endowment assurance policy, with profits, payable at the end of twenty-five years or at previous death, and the rates of premium are only slightly removed from those ordinarily ruling in times of peace. A further concession—which should prove a great convenience—is that when a recent medical examination has shown fitness for military service no further medical examination is required.

POST BELLUM PRODUCTION.

It is a commonplace of history that the close of a severe war is followed by a remarkable period of production. Probably the end of the present titanic struggle will see the inauguration of a period of production unparalleled in the world's history. Large districts which have been devastated by the operations of war will have again to be made habitable; national obligations, both direct and indirect, which have been incurred as a result of the war will have to be paid off, or at least a beginning made in paying them off; those whose fortunes have been lost or impaired in the present struggle will require to replace them. Only in one way can these things be accomplished, by the production of new wealth; in agriculture, in manufactures, in labour and services of one kind and another.

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With the growth and development of the Imperial idea, which may be confidently expected as a result of the present struggle, *post bellum* production within the British Empire will be directed largely along lines that will be of the utmost importance to the future development and prosperity of Canada. There will be, we believe, a distinct and perhaps even remarkable movement for the stimulus of production of all kinds within the British Empire, with the idea of building up the Empire's resources and wealth to a position which hitherto has been undreamed of. That movement will, of course, have political effects of the highest importance if brought to a successful conclusion, though it must not be forgotten that before definite results along those lines can be achieved, there are problems of the utmost difficulty and delicacy to be settled. But the practical economic side of the movement coming first, some of its effects will probably be visible at an early date.

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Roughly for the last twenty years, the British investor has been sending his spare capital all over the world. There is literally no single country from China to Peru and back again, whatever its flag, which has not felt the fructifying influence of British capital. Quite a considerable amount of that capital has been placed in what now turn out to be enemy countries. Turkey, for instance, has been kept going for years mainly by British capital, and within quite a recent period large investments have been made by British capitalists in Hungary. It is quite reasonably to be anticipated that following this war, there will be a decided check to this movement of world-wide British investment. The British investor will begin to take the attitude that it is his duty to invest his capital under the British flag, and build up the resources and wealth of the Empire afresh instead of supplying capital to possibly enemy countries.

In this way, there will at not too distant a date, we believe, be rendered available an immense amount