

Why Gold is Exported.

The situation of the exchange market and the continuance of gold exports have been described as anomalous. The fact that such conditions are still prevalent at the present portion of the year can, however, without any exaggeration whatever, be called extraordinary. The present level of rates for exchange—4 85 to 4 85½ for bankers' sight draft on London—is about 2c. above the average level at this date, while the continuance of the outflow of gold—\$1,950,000 having been taken for shipment to Europe this week—makes a state of affairs almost without parallel in recent years. Moreover, the existing prospect cannot be termed favorable for a reversal of these conditions. Not only is the exchange market bare of commercial bills which would furnish a basis for bankers' drawings on Europe, but it would also seem that the methods by which European financial interests have during the past two years facilitated the transfer of gold balances from this country are still being employed. Orders to ship gold are, it is understood, outstanding with bankers in the market at figures so close to the present rates of sterling exchange that such operations are rendered practicable whenever an increase of the demand for remittances enables international financial houses to dispose of any large blocks of bills at current quotations. Under these circumstances it is useless to expect any change until the conditions which lead to these manifestations undergo a radical alteration.

It cannot be said that the cause for the existing state of affairs are any different from those which exist for many months past. Additional light has, however, been cast upon some phases of the matter, and the operation of factors in the case seem to be more clearly understood. The indifference of Europe to our securities market, either for investment or on its speculative side, has been often referred to as one reason for the limitations which so surround the foreign exchange market. The fact that London is no longer a heavy seller of speculative shares attracts attention. Even the despondent tone of comment upon the silver policy of the United States government which seems to prevail in European financial circles fails to develop tangible bearish pressure from foreign sources in our stock market. Nevertheless, it checks buying, and while Wall street has been enjoying a bull market of a somewhat artificial kind Capitol Court has been and continues insensible to the movement. This indifference, however, it is feared, partially conceals another tendency of an unfavorable nature. The immense foreign holdings for investment of American securities, embracing railroad bonds and dividend-paying stocks, was but slightly affected by the liquidation that followed the Baring panic. That event threw upon the American markets the bulk of Europe's floating holdings of our speculative values. The danger at the present moment seems to be that the outcry that has been raised abroad regarding the silver situation and the alleged, even if exaggerated, views of America's threatening financial danger has its effect upon foreign investors and foreign holders of high-grade American securities. It has been some time since any large blocks of railroad bonds have been placed abroad, while any scrutiny of the local bond market displays an absence of the former investment demand from abroad which was in the past a standing feature of that department. Recognized authorities can be quoted to the effect that the liquidation of foreign holdings of such securities has been in progress for some time, and that if the "silver scare" is continued it is difficult to say to what ends this tendency will run. It follows that the exchange market is derived entirely of the assistance it once received from the flow of foreign capital to this country, and that a powerful though undefined favorable element in our international exchange has been turned against this country.

Reference has been made in these columns to the influence of anti-option legislation upon

exchange. A clearer explanation is now possible. In former years offerings of commercial bills drawn against sales of cotton and grain to importers in Europe were an element of primary importance in maintaining the equilibrium of exchange. Such purchases were usually made for future delivery, the exporting houses here protecting themselves by the purchase of options. The proposed anti-option legislation restricted such transactions to an extent from which the markets have not yet recovered. It is stated that a year ago in cotton alone three large New York houses drew against cotton futures up to August 1 no less than \$70,000,000 of bills of exchange. In the present season the drawings of the same establishments are not believed to exceed \$10,000,000. These facts exemplify a general tendency. They furnish at once a valid explanation of the causes which derange the mechanism which should regulate our international financial relations.—*Brooklyn.*

The Canal Situation.

The *Montreal Gazette*, a supporter of the Dominion government, has the following to say upon the canal question:—

"The imposition by President Harrison of retaliatory, or more properly speaking, coercive tolls, on the Sault Ste. Marie canal, has evidently not created the profound impression that was expected in this country. The United States executive has used only to a moderate extent the very broad powers placed in his hands by Congress. His action follows closely the lines taken by Canada in the matter of the St. Lawrence canals, and will give to the Buffalo route the same advantages in handling grain coming by water from Lake Superior that the rebate on tolls on the Canadian waterway was meant to secure to the St. Lawrence. The toll, which is at the rate of six-tenth of a cent of a bushel on wheat, while it is one-tenth of a cent more than the rebate Canada allows, and while it will represent a considerable share of the profit of the forwarders, should not, unless of a season of very low freights, prevent Canada getting a part of the Lake Superior trade. The rebate did not shut the United States routes out of competition with the St. Lawrence. This is the view taken by a leading forwarder of this city, who thinks no ship will go out of the harbor of Montreal empty for the sake of the sum the St. Mary canal tolls will amount to. Such a feeling will enable the government to study all sides of the issue before it decides on the best line of action to take, which is important, as there is a strong feeling in some quarters that it is wise to retain the rebate even in view of the newly imposed United States charges."

Bermuda's Industries.

A synopsis of a report by United States Consul Sullivan, at Hamilton, Bermuda, gives some information about crops in Bermuda. From that island, as is well known, we get our supply of those large, succulent, delicately-flavored and not to rankly-scented onions, which are the delight of epicures. This season the crop was delayed three weeks by unpropitious weather, and, according to Mr. Sullivan's report, came into disastrous competition with the Egyptian, Cuban and Latin-American onions. The Bermudas suffered in consequence, and the farmers in that island only received on an average 60c a box. This clash in prices was at once attributed by some of the Bermudas to the operation of the American tariff. Last year, with the same rates of duty against them, the Bermuda farmers were able to sell their products in this country at profitable figures. In this same report the consul gives an account of Dr. S. A. Smith's attempt to cultivate silk on the island. A committee of the board of agriculture was appointed to investigate the new industry, and in June, after visiting the silk farm, made the following report:

"The committee Judge that there are about 80,000 worms and cocoons, which Dr. Smith states would produce about 70 or 80 pounds of silk, as the estimate is one pound of raw silk to the 1,000 cocoons. He will not, however, be able to produce anything like the quantity of silk above mentioned, as he proposes to further develop the industry, and therefore it will be necessary to allow a large quantity of the cocoons to hatch moths in order to produce eggs for stock next season. It was quite evident that the cocoons spun this season were much larger and finer in every way than those spun the previous year, and Dr. Smith states that the loss of worms by death was very small. As it is evident that the silkworm can be successfully grown in Bermuda, and it is certain that the mulberry tree also grows most luxuriantly, thus furnishing the necessary food for the worms, the committee cannot but report most favorably of this enterprise, which is being so successfully developed under anything but the most favorable circumstances, the rooms in which the worms are kept being very badly adapted to the needs of the case. The committee are further of opinion that this may prove a most valuable industry, and one which is worth developing. Since the foregoing report was written Dr. Smith has brought to the notice of the committee that cocoons produced this year from eggs hatched about March 11, and which he exhibited at St. George's May 11 and 12, produced moths which hatched out and produced eggs about June 16, and that these eggs are now again hatching out silkworms, thus producing a second crop in the same season. This is most remarkable, and, as far as Dr. Smith knows and is able to find out, is unprecedented, as they are an annual worm only, and last year's eggs kept from June, 1891, to March, 1892. The mulberry trees are in full growth, and continue so all through the summer, and if two crops of worms can be grown in a season it, of course, doubles the value of the industry."

Mexico Financially.

The El Paso (Tex.) *Times* recently contained an interview with General Luis Sandoval, in which the revolutionist leader "scouts the idea of Texas deputy marshals arresting Garza. The most important feature of the interview is a discussion of the financial condition of Mexico. He says the actual condition of the country is one of financial embarrassment. General Diaz's lack of knowledge of governing the country, he claims, has led to this crisis. He is said to have mortgaged the future of Mexico for \$30,000,000 to build railroads, and these roads by exorbitant rates are alleged to have killed the prosperity of the country. The national treasury, he adds, has not money to pay the interest on the railroad bonds for the coming year, and to cover this it is proposed to float a loan of \$20,000,000. In conclusion it is claimed that if the proposed \$20,000,000 loan is not floated nothing is left but to take the money by force from the national banks to pay the outstanding foreign debts. The state of Zacatecas is said to have already reached this stage, and is forcing a loan from the people."

Steel Rail-Making in British Colonies.

The *Engineering Record* says: "Steel rail manufacture is to be encouraged in the British colonies. The New South Wales government has decided to call for proposals for 175,000 tons of steel rails to be manufactured in the colony from material obtained within the colony. It is hoped to induce some of the large iron masters of England or Scotland to develop the iron mines of New South Wales and to establish iron and steel works."

George Ashdown, of Morden, has purchased the building and lot on which his hardware store now stands from Geo. Ruddell and contemplates extending his premises.