

re-occupied Adrianople, and apparently the work of negotiating a settlement will have to be begun afresh. Taking the whole episode of the Balkan struggles there could be no better illustration of the manner in which overpowering greed tends to react disastrously on the parties manifesting it.

NEW YORK POSITION.

Call loans in New York are quoted $2\frac{1}{2}$ p.c. The supply of time money was larger and the situation somewhat easier. Sixty day loans, 4 p.c.; ninety days, 5 p.c.; and six months, 6 to $6\frac{1}{4}$ p.c. The Saturday statement showed the clearing house institutions to have effected a slight improvement of their reserve position. In case of all members the loans were reduced \$3,423,000, while cash decreased \$640,000—the addition to surplus reserve being \$857,000. And in case of the banks alone the contraction of loans amounted to \$2,244,000, and there was an increase of \$1,600,000 in cash—the net result being an increase of \$452,000 in surplus. The surplus of all members stands at \$20,272,000; that of the banks alone at \$19,630,000. These are not large figures considering how imminent is the crop moving season. However, New York is encouraged by evidences that Europe has been lending capital there in the past week or two. And possibly in the course of a month or six weeks there will be a considerable amount of British and French funds placed at the disposal of the American market. Nothing definite has as yet been arrived at in regard to the demand of Eastern trainmen for higher wages—except that the question is to go to arbitration under the Newlands bill. In the meantime Wall Street has not taken the matter as a very serious factor. Confidence has been inspired by satisfactory preliminary reports of earnings just issued by Union and Southern Pacific and Republic Iron and Steel Company.

The financial situation, it is conceded in usually highly conservative circles, is intrinsically bad. Paris is overloaned to the Balkan war combatants, and the Balkan countries are now financially ruined.—*N. Y. Journal of Commerce.*

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A circular issued by Laurentide's directors says that the funds received from the new issue of stock will cover estimated expenditures during the next two years in the development of the Company's water power at Grand'Mere. The work now going on will bring the present 22,000 horse-power up to 75,000 or 80,000 and eventually to 100,000 horse-power.

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A good deal of praise has been bestowed upon Canadian banking from various sources, and the system compares very well with that of the United States, Canada's nearest neighbour, and with Australia, where conditions are in many respects not dissimilar. A good deal of the praise is due to the bankers, however, who show themselves very anxious to apply the system reasonably and cautiously.—*London Times.*

ADVANTAGES OF THE NEW CENTRAL GOLD RESERVE.

That the most important of the principal provisions of the new Bank Act is the establishment of the new Central Gold Reserve, which should have a potent influence not only in times of stress, but the whole year round is the argument advanced by a correspondent who describes the main provisions of the new Bank Act in the *London Times*. The correspondent points out that in November last year, the emergency circulation of the banks actually approached \$10,000,000, and the margin of emergency circulation available at that time was \$20,000,000 or so. At ordinary times, the writer proceeds, that margin would be ample, and it may be said at once that the Central Gold Reserve provision is expected to operate more advantageously during that portion of the year in which the crops are, supposedly, not being moved. But a prudent Minister of Finance will not assume that times always will be ordinary, and indeed it is possible that this autumn will see a situation of painful pressure upon Canada's financial resources. At such times a more or less insignificant action by a bank may start a panic, or at least a serious run on deposits. At the end of April last deposits payable on demand in Canada were \$365,340,002, and, after notice, \$631,160,280, a total of \$996,500,282. In November, when the pressure is usually at its height, they were last year \$16,000,000 higher. To meet a run on such a huge amount a good deal more than \$20,000,000 might very well be needed. Given time under the old system the currency could no doubt have been engineered. But time is just what is not available at times of panic, and the new provision does all that is possible to economize time. First of all, by eliminating a Government department. There always was a certain amount of inconvenience in connection with the use of Dominion notes, and if large numbers had been required immediately it is doubtful whether they would have been forthcoming, and if they had been there would have been the delay of transporting them to the centres at which they were required. Again, if gold had had to be imported from abroad there would have been delay in releasing it after it had served its purpose. In a number of other ways difficult to enumerate without a great deal of explanation the old system was ill-adapted to meet a crisis.

MAKING CURRENCY MORE ELASTIC.

However, continues the *Times* correspondent, one does not anticipate crises, involving runs on a large scale, and, as has been said, the Central Gold Reserve is designed to serve a purpose in normal times. During recent years the bank note issues have frequently approached very near to the limit authorized between February and September. For instance, in June last year the circulation was within \$2,000,000 of the circulation in September, when the emergency clause operates. At such times a great deal of anxiety was caused the bankers lest the authorized limit should be exceeded, and, as was explained above, the arrangements for changing from bank notes to Dominion notes were clumsy and took time. The system was inelastic in a country such as Canada where great distances have to be traversed between the centre of Government and many of the most active centres of industry and agriculture. Under the new system any amount of bank notes may be held in reserve to be released instantaneously by the deposit