entirely or largely on this account. One New York company suffered a depreciation of \$7,200,000 in its securities last year, and another, which has no stocks, \$10,000,000, and both will probably suffer much more this year. This does not mean that their investments were unsafe, but simply that they have declined in value. British Consols, for example, sold a few years ago at 114, and are now worth but 84. Similar declines have been going on and are still going on in the value of almost all leading bonds, and where the end will be no one can foretell.

These bonds have declined in value because interest has risen. For a generation the average rate fell more or less steadily year after year, but about eight or ten years ago, the turn came, and every twelve-month since has noted a further rise in the average rate yielded by permanent investments. That rate is to-day higher than at any previous time in the last thirty years, and it will probably go higher yet. If a bond were purchased five years ago to yield 4 per cent., and to-day is worth but a five per cent. rate, its value will have shrunk perhaps 12 per cent., and if next year it has to be appraised on a 5½ per cent basis, its value will have shrunk perhaps a further 6 per cent., making 18 per cent in all. So long as interest continues to rise, so long will the value of bonds continue to fall.

We naturally ask, however, why has interest been rising in this way? It is easy to say that we are in a period of great commercial activity, but is that a sufficient answer? What has caused this prolonged and almost unexampled activity? Is it merely an ordinary swing of the pendulum, or is there some special reason for it? This enquiry may appear to lead us away from our subject, and yet it is closely connected with it. For any great financial movement, there are usually several causes, and this is no exception. Many authorities consider that the most important of these causes is the enormous increase in the world's production of gold, which has so marked recent years. Gold is as much a commercial commodity as copper and, like it, is subject to the law of supply and demand. Any marked increase in the supply causes a decrease in the value. Gold, however, differs from all other commodities, in that it itself is the standard by which other values are measured. If gold were, for example, to decline in value fifty per cent., so that a dollar piece which formerly had a purchasing power of, say, one hundred cents, were to decline to a purchasing power of, so to speak, only fifty cents, we would not notice the decline, for the dollar would still be called a dollar and not fifty cents. What we would notice would be a doubling up of values of all kinds of property. A house which was worth \$10,000 in dollars with a purchasing power of one hundred cents, would become worth \$20,000 in dollars with a purchasing power of only fifty cents, even if there were no other factor working towards an increase in value. If the owner of such a property had a mortgage on it of \$5,000 he could repay that in dollars of the depreciated value, and have a margin remaining of \$15,000, instead of but \$5,000. A decline in the purchasing power of the dollar involves, as a corollary, a decline in the intrinsic value of debts and of fixed securities such as bonds and preferred stocks, and an increase in the value of all assets held in ownership, such as real estate and ordinary stocks. It impoverishes the creditor and enriches the debtor. Do not these considerations furnish the key to present business conditions? I