

brought the respite. Montreal suggested that it would try New York instead of London with a large loan of \$7,300,000. This proposal aroused much discussion. London naturally is the best market for Canadian securities. Commenting on the Montreal proposal, the London Financial Times says:—

"The impression has been gaining ground in the Dominion, that it would perhaps be wise at the present juncture to turn temporarily to New York for a part of the financial accommodation needed. The principal reason is not that the money can be obtained in New York on easier terms than in London, and probably it can also be said that resentment or annoyance at British lecturing of Canada for over-borrowing has had practically nothing to do in causing New York to receive more favorable consideration.

Overstocked with Canadian Securities.

"The underlying reason for the apparent desire to try the United States market arises out of the conviction that British investors have rather overstocked themselves with Canadian securities in the past five or six years. Unfortunately, a considerable number of the Canadian ventures have turned out badly. Taking into consideration these points and the developments in connection with the Grenfell breakdown, it has seemed that, in order to preserve her prestige or standing in the English market, Canada should refrain from pressing her securities for sale while conditions in these important respects are unfavorable. No doubt the best results would be obtained if Canada's circumstances had been such as to permit her to refrain from fresh borrowing altogether; but with two unfinished Transcontinentals and other projects in hand which could not be suddenly dropped without great loss, an absolute cessation of borrowing all at once seems out of the question. To some experts the next best thing appeared to be to sound New York as to the prospects of borrowing there for the time being until conditions righted themselves in London."

As to Borrowing Limit.

When Canadian towns and cities and other corporations go to New York with their loans they get no preference over United States borrowers. As a matter of fact the preference is given to the home borrowers. In the past few years it has been the case frequently that a Canadian city would borrow in London at a lower interest rate than that paid in its home market by a United States city of the same class. When, however, a Canadian city, under present conditions, takes a loan to New York it will probably be required to pay a rate higher than United States cities pay. As the borrowings of the United States cities are more closely restricted, many investors in the United States are inclined to discriminate against Canadian municipals on the ground that their borrowing limit is too high.

That Montreal has a perfect right to turn elsewhere than to London for her finance, and that New York has an equally good right to make a profit as intermediary when she sees the opportunity, no one would deny, is the statement of the London correspondent of the New York

Annalist. But it is doubtful whether the Canadian borrower is altogether prudent in changing its market, and whether the New York lender will find it altogether easy to "shoot" the bonds on London when the time comes.

The same writer says: "To put the matter bluntly, Montreal has for the moment sucked the European market dry—at least it has sucked it dry at the terms that it is disposed to offer, and consequently it appeals for help to New York. We do not imagine that the bonds will stay in the United States for good and all, but rather believe that they are finding a temporary resting-place, to be exported at a profit to London, their traditional home, when things look brighter here. They are waiting under cover until the clouds roll by." Since that was written, the Bank of Montreal has agreed to finance the city.

Paying Higher Rates.

Canada, like other borrowers, is having to pay more for money than was the case a few years ago. Ten years back, the Dominion government could borrow at a little over 3 per cent. In June it offered 4 per cent. stock to the public at 98, which means that the rate of interest to the purchaser will be a fraction over 4 per cent. The province of Quebec, when it entered on the London market this month to borrow £1,000,000, had to make the rate of interest $4\frac{1}{2}$ per cent. in order to get nearly par for its stock. The city of Montreal had to offer the same rate of interest when it floated its recent loan, and certainly will not pay less when next it borrows. Sound municipal and other institutions are offering securities at prices and under conditions which assure the buyers between $4\frac{1}{2}$ and 5 per cent. on the money they invest.

New Capital Applications.

The applications for new capital on the London market for the first half of 1914, according to the Economist, total £152,000,000. A ten years' summary from the records of new issues, excluding conversion loan and vendors' shares, is given below:—

Year.	First half-year.	Second half-year.	Whole year.
1904 . . .	£ 70,559,000	£ 52,460,000	£123,019,000
1905 . . .	104,216,700	62,970,700	167,187,400
1906 . . .	85,324,600	34,848,600	120,173,200
1907 . . .	89,733,200	33,896,800	123,630,000
1908 . . .	109,673,500	82,530,200	192,203,700
1909 . . .	121,073,000	61,283,200	182,356,800
1910 . . .	188,077,000	79,362,100	267,439,100
1911 . . .	117,483,800	74,275,600	191,759,400
1912 . . .	110,434,600	100,506,400	210,850,000
1913 . . .	120,359,600	100,506,400	210,850,000
1914 . . .	152,349,300

The total for the first half of 1914 is the largest since 1910, the year of the rubber craze. In July, loans of £21,947,742 were obtained in London by various borrowers, seven of them Canadian. In August, the total was £33,536,000, of which £31,900,000 were British government bills. There were not any Canadian flotations that month.

Those few firms who are cutting wages because of abnormal, adverse factors, presumably will increase wages in times of abnormal prosperity and profits.

"The Monetary Times, in a very sane article, deals with the general relation between the war and Canadian business. We commend it to the thoughtful consideration of readers."—Victoria Colonist.

Even if Count von Bernstorff, German ambassador at Washington, is suffering from sunny hallucinations, we must admire him for trying to do business as usual.

Take with a grain of salt the New York statement that since the war began Canadian corporations have made inquiries in the United States for loans totalling more than \$100,000,000. The ciphers need pruning.