

and large Government issues of her own, her power of absorbing new issues became lessened. In Germany, again, where the monetary strain had been great at the end of 1912, the pressure, although somewhat diminished, continued, and new and large issues of her own Government made continuous demands on her money market. In the United States trade was active and absorbed floating capital, while the fear of legislation and the uncertainty of the effect which the new tariff and the proposed currency measures might produce made investors apprehensive.

It was thus on our market that the international demands came with greater force than usual. With trade so active and with increasing demands for gold from various quarters, it was therefore only natural that a general readjustment in the value of investments and the earning power of capital should take place. This is the process which we appear to be going through now, and it is a process which is not confined to this country, but is universal.

Stock Exchange Values.

Special reasons have contributed to it, and when these special reasons have disappeared, as they may before long, there can be little doubt that a reaction in the opposite direction will set in. It was only during the month of June that the greatest fall in the price of securities occurred. From tables published by the London Bankers' Magazine, giving the prices of 387 representative securities, it appears that there was during the half-year a fall in the value of these securities amounting to £130,000,000, £88,000,000 of which fall took place in the month of June. In the six and a half years during which these tables have been prepared the fall in the value of these securities has amounted to £447,000,000, and if the tables dated back to ten years before that period the depreciation would be more enormous still. But against these figures must be set the great prosperity and activity of trade, on which, after all, the prosperity of nations depends, and to which we, as bankers, must attach the greatest importance; for, as I have observed before at these meetings, even if we have to write down our investments, we obtain from them at the lower valuation a higher return, and we have better opportunities of using our funds profitably.

Though the process is disagreeable, and one which we hope must soon come to an end, yet when it has taken place it means for us increased strength and earning power. I have already observed that I feel the reaction must soon set in, and when the recovery takes place I believe it will be as rapid as the fall, and I think that it is highly probable that the investors' attention will turn itself once more to home securities, which now yield such a tempting return.

Return of Confidence.

A few years ago it might hardly have seemed possible to obtain from our trustee investments a yield such as present quotations indicate, and as the public recognizes more and more that the higher return from foreign investments, even of the better class, involves a certain amount of risk, I think it is in the markets of our home securities that the effect of returning confidence will first make itself felt. You will hardly expect me to attempt any accurate forecast as to the course of the money market during the coming half-year.

Where so many factors are obscure it would be idle to prophesy, but certain considerations must be borne in mind. First of all, I think it is a matter for congratulation that considerable liquidation has taken place in the stock markets, that engagements are being restricted, that a halt has been called in the number of new issues, and although such liquidation has, as usual, been accompanied by certain rumors, these rumors have proved to be absolutely unfounded, and no occasion appears to exist for any alarm whatever in this direction. In fact, it is a cause for considerable satisfaction that credit has been so little disturbed by the events of the last few months, and, as preparations have no doubt been made not only on this side, but at all the monetary centres, for the usual increased demands that take place in the autumn, I think it may be taken for granted that these demands will be felt with less severity now that the situation has been recognized. Again, it appears that, in consequence of the war and the preparations for war on the Continent, considerable hoarding has taken place in various countries, and when peace is restored these hoards, the amount of which it is difficult to estimate, will gradually return to the monetary centres and bring considerable relief.

Faith in the Future.

On the harvests a great deal will depend. In the United States and in Canada, they appear to be promising. In Europe, or in Western Europe, at all events, the outlook does not seem quite so favorable. In India the rainfall appears at present to be progressing favorably, and if the promises of another large and abundant harvest be fulfilled, her power of importing our manufactured goods will again be increased. There are indications in her trade returns which show clearly that her purchasing power has largely increased, and I think that it is in commodities rather than in increased imports of gold that India's balance of trade will be paid

for. In the United States trade seems active, in spite of the many problems which are awaiting solution there, and when her tariff is reduced manufacturers on this side may reasonably expect an increase of their trade.

On the other hand, we have the adverse factors of the war on the Continent, the condition of Mexico, where so much British capital is invested, the disquieting reports from China, and also the serious labor trouble in the Transvaal, which later may not only disturb trade in that colony, but even affect the gold supply of Europe. While, possibly, from the United States, whose balance of trade during the past year has been highly favorable to her, and possibly from the Continent demands for gold may arise, and while the possible demands from the East have always to be borne in mind, shipments of gold from various quarters, especially South America, are already on their way here. The late Lord Avebury used to say that, given a five per cent. bank rate for a fairly prolonged period, gold would be sure to flow into London, and although the demands from many quarters have grown of late years, I think the saying remains true, even though a little more time than formerly may be required to bring about the result.

Thus there seems to be no reason whatever for taking an alarmist view of the monetary situation; if only we hold our hand for a little while, and do not lend too freely to foreign nations, the economic position of the country is so strong that gold will flow in naturally, and we shall well be able to deal with the usual autumnal demands as they arise.

A certain amount of self-restraint, however, is necessary in the matter of new issues of capital, and the general development which has been so rapid during the past few years may possibly be somewhat retarded; but with the exercise of a fair amount of caution it is probable that we need not apprehend any excessively high rates for money during the autumn, so that the large and prosperous trade of the country may progress without disturbance or hindrance. That there will be a considerable employment for money is beyond doubt; it is needed for the development of the newer countries which in recent years have added so greatly to the volume of our own exports, and it is desirable that such developments should not be suddenly restricted.

Bankers to be Cautious.

But peace must be restored, and a reduction should take place in the vast scale of unproductive expenditure among all European nations, an expenditure which must have the most serious consequences on the economic developments of the world at large. For us bankers, it will, in all these circumstances, be advisable to pursue a cautious policy; not to encourage speculation, but at the same time to assist legitimate trade and enterprise; and while rates can hardly be expected to be much lower during the autumn than they are now, although, possibly, a period of comparative cheapness may intervene, I think we may look forward to the coming six months with every confidence, and hope that the great trade of this country may continue to develop in the future as it has in the past.

CALGARY WILL VOTE ON MANY BY-LAWS.

The following by-laws are to be submitted to the rate-payers of Calgary during the month of September. They aggregate \$2,333,340:—Fire department, \$52,000; parks and cemeteries, \$45,000; erecting, constructing and equipping Industrial Building, \$250,000; to purchase Hillhurst Athletic Grounds, \$60,000; execution of agreement re hospital; to purchase 55 acres of land for Union Stock yard purposes, etc., \$350,000; paving, curb and gutter, Boulevard, N.E., \$10,250; high level concrete bridge across Bow River at Centre Street, \$468,000; concrete bridge across the Bow River at Ninth Street West, \$173,000; concrete bridge across the Bow River at Fourth Street West, \$310,350; steel bridge across the Bow River at Fifteenth Street East, \$82,100; concrete bridge across the Elbow River at Fourth Street West, \$82,500; concrete bridge across the Bow River at Fourteenth Street West, \$173,000; straightening Elgin Avenue and Second Avenue N.W., \$10,000; Lowry gardens, \$155,000; trunk sewer, Ogden, \$63,140; hospitals, tubercular, \$30,000; agreement with the Western Canada Milling Company; total, \$2,333,340.

The Whalen Building is one of the latest structures in Port Arthur. A plan of the offices to rent is being issued by the General Realty Corporation, Limited, of that city. The building is located at the corner of Cumberland and Van Norman Streets. It faces three streets, and is at the centre of Port Arthur's business district. The construction is fire-proof. It is a modern office building, attractive in design, and has eight stories.