

great importance to the economic weapon which the Allies, acting together, could wield, but the Americans do not wish it wielded with a vindictive purpose for any fixed period after the war. It will not be possible to carry out both the American policy and Lloyd George's policy. They are alternative, not supplementary.

"The American suggestion is full of hope and help in the pursuit of ultimate permanent world peace. That of Lloyd George has quite the opposite tendency.

The opinion prevalent in the United States at the present time seems to be in favor of concluding the war by military means, leaving the economic development of the future free from any restrictions. It is fairly easy now for the allied nations to make mutually satisfactory arrangements, but how long will such arrangements last when the stress of war is over?

THE CANADIAN EXCHANGE SITUATION

A recent announcement of the Canadian finance minister, Sir Thomas White, given elsewhere in this issue, contains a statement regarding the exchange relations between Canada and the United States which should satisfy those who had been arguing in favor of some measure to adjust the situation. For some time past New York funds have been at a premium of about 2 per cent., and quotations have occasionally exceeded this amount. To remedy this situation it has been suggested that a Canadian loan should be floated there, which would set up a flow of money in this direction, or that some similar arrangement should be made which would bring the cost of United States money more nearly to par.

The finance minister points out that this premium on United States exchange acts as a very efficient influence towards restricting Canadian imports from that source. This is, he points out, a very desirable condition in view of the necessity for economy here. There is, of course, the objection that in addition to restricting the importation of luxuries, it also handicaps the importation

of such necessities as are required. However, if the latter are really necessities, they will continue to be imported regardless of the premium which it is required to pay, the only difference being that they will cost more. This again reduces the amount of income available for expenditure upon less essential commodities, so that the ultimate reduction in imports must take effect upon articles which are unessential.

These effects not only are felt in the case of trade in mercantile commodities, but also in dealings in securities across the border. The premium restricts the purchase by Canadians of securities in New York and at the same time encourages the sale of securities which may be readily sold there. That the net effect is considerable is illustrated by the comparative prices of Dominion of Canada bonds in Canada and New York. Dominion of Canada 5 per cent. bonds, due in 1931, were quoted in New York on Monday, the 5th instant, at nearly a 6 per cent. basis. Bonds maturing in 1926 and in 1921 were quoted at still more favorable prices. In Canada war bonds have been selling for several weeks past at about a 5½ basis, and, while the issues are not the same, there is practically no difference between them. Obviously, if New York exchange were restored to par by some financial measure, there would be practically no sale for the bonds being offered here so long as the external issues quoted in New York could be secured at their present quotations. The effect would be, therefore, an immediate drop in the values of domestic issues and the exportation of considerable money for purchases in New York, which funds we desire to retain here to assure the success of the next war loan. The same thing would be the case as regards merchandize and securities other than our war bonds. The premium on United States funds, therefore, is quite desirable in view of the present campaign for economy here; it would, in fact, be very inconsistent for the Canadian government to adopt a measure to restore the situation to par and at the same time to be endeavoring to restrict imports through the War Trade Board, and to encourage the production and export of food through the Canada Food Board.

CROP PROSPECTS IN THE WEST

"The Manitoba Free Press" in its seventh crop report for 1918 says:—

"A heavy July frost was so remote a contingency that no one gave it a thought. Yet the contingency has overtaken a very material portion of the west. Reports of frost came first on the morning of July 24th, and were mainly from Northern Alberta; the full reports now received show that frosts occurred in some portion of the west practically every night from the 23rd of July to the 2nd of August. There is absolutely no record of any such occurrence in the past history of the west. The only approach to it was the crop of 1888, which was frosted on the 4th and 5th of August of that year, and was almost a total loss. "The Free Press" was besieged with enquiries as soon as frost was reported, but decided not to attempt to secure a general report until sufficient time had elapsed to give some chance of estimating the damage. It is fourteen days since the first and heaviest frost occurred, and there is now no doubt that the damage is very serious, although it is not possible even yet to state it definitely. Some points may even yet recover to some extent and others, which have been thought to be lightly damaged, may prove to be seriously affected. The crop which had not reached the blossom stage suffered the least, as practically no crop was sufficiently advanced to resist frost damage. It is generally conceded that even one degree of frost adversely affects wheat in blossom, while wheat in the stiff dough stage will stand 3 or 4 degrees of frost without dropping more than a grade."

Reports are received from the principal centres throughout the province of Manitoba, Saskatchewan and Alberta. The best prospects seem to be in Manitoba, where very little frost is reported. Rain has been adequate and no damage has been done by hail. With practically no exceptions the grain crop, the live stock and the potato crop are reported to be in good condition. Saskatchewan, on the other hand, appears to have suffered considerably. Frost to the extent of ten degrees was experienced in some places, including Watrous and Kerrobert. Conditions of the coarse grains appear to be fair and the live stock about the same. The potato crop is good in sections, but in many cases has been largely destroyed by frost. In Alberta some frost was experienced, notably at Castor and Camrose, and rain is needed in many parts of the province. In most cases the grain crop is reported to be no better than fair. The live stock is being retarded and part of the potato crop has been destroyed.

VICTORY LOAN BONDS ADVANCE IN PRICE

On Monday, the 12th instant, announcement was made that the selling price of Victory Loan bonds would be raised to par and that the committee in charge would pay 99 and interest for them. The announcement was made by Mr. R. A. Daly, secretary of the Victory Loan special committee, and the change took effect from the close of business on the 12th instant.