Journal of Commerce

Published Daily by

Journal of Commerce Publishing Company Limited.

35-45 St. Alexander St., Montreal. Telephone Main 2662. HON. W. S. FIELDING, President and Editor-in-Chie

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Journal of Commerce Offices: Toronto-O. A. Harper, 44-46 Lombard Street Telephone Main 7099.

New York Correspondent - C. M. Withington, Broad street. Telephone 333 Broad. New York Business Representative-L. C. Randolph 206 Broadway.

London, Eng.-W. E. Dowding, 25 Victoria St., Wes minster, S.W.

Subscription price \$5.00 per annum. Single Copies, 2 cents. Advertising rates on application.

MONTREAL, JULY 31, 1914.

Still Ground For Hope.

War on Servia has been declared by Austria Battles have already been fought. Beigrade, an a few days ago the capital of Servia, is in the hand of the Austrians. To talk of peace in the present of this actual war may seem absurd. Nevertheless we cling to the hope that the war will be of short duration that it will be confined to Austria and Se via, and that humanity will be saved from the horror of a general European war the fear of which is day so seriously disturbing the whole world. Ansr. and excited though his people are, the old In peror Francis Joseph, whose life has been so full of tragedy, can hardly look with satisfaction upor situation which, unless quickly checked, will cov the record of his declining years with blood. Now that a decisive step has been taken, and Au

tria's pride vindicated to some extent by the captur of Servia's capital, surely the Emperor will be dis posed to avail himself of any opportunity that may offer for the settlement of the quarrel. If, as report of Servia's territory, the good offices of the great powers of Europe should even yet be able to fine sis of agreement in which Servia could make satisfactory amends to Austria without furthe Germany and Russia both profess desire for peace with honor; Italy, while a party the Triple Alliance, is in no condition to rush in Great Britain and France, we know are sincerely anxious for peace. Not one of the ns is in a financial position to incur the head burdens of a protracted war. Surely, out of thi state of affairs, it should not be impossible, even a this late hour, to find a way into the path of

The Waste of War.

It now looks as if nothing could hold back Europe from a tremendous war, which in the number of me engaged, the destructiveness of the arms, the interference with commerce and the loss of life will dwar asignificance any previous conflicts in the history of the world. If the several great power pe engage in a conflict it will mean that it the neighborhood of 20,000,000 men will be involved at a daily expenditure of upwards of \$54,000,000. The loss of life, the suffering, the interference with com merce and trade, the destruction of property and nd and one other evils emanating fron war will paralyze Europe and set it back a hundred

The present outbreak is the result of this feverish for armaments which has been going on for the past few decades. The European nations have n bending every energy towards securing power ful armies and navies. The laying down of two keels to one by Great Britain was challenged by Germany, who sought to overcome the British lead efforts on the part of Germany, Austria, France and Russia to increase their standing armies, to add to their stores of hoarded gold, to obtain the best and latest in artillery, destructive projectiles, air craft, etc., have only accentuated the race. Every effort on the part of one nation is met by a corre ent on the part of its rival. The result is that the burden has become intolerable Millions of men trained for war, tens of thousands of officers and others of the leisure classes trained to the profession of war have brought about th

It may be that a great Armageddon will clear the pave the way for universal peace, but the conflict which now threatens Europe will stagger humanity and force people to realize the awfulness of war. They will doubtless also learn what econo mists and pacificists have been preaching ely, that war is economically unjustifiable and that it does not settle disputes. Alsace-Lorraine was not settled by the Franco-Prussian war. The sore still rankles in the breasts of patriotic French. , and the same is true of practically every great var in the world's history. It is true of individuals as well. Two men meet on the street, quarrel and me to blows; one man may inflict bodily harm upon the other, but it does not settle the question ue. That remains unsettled; together with the led soreness and bitterness engendered by the strife. War should belong to the middle ages, but apparently it does not. It is to be hoped that the ent will be the last great war.

Insurance Regulation.

it seems perfectly clear that in Canada obtain news, are obliged to accept much rumor a rederal Government alone can, through Parlia draw upon their imagination for enlargement of the charter banks, and that Parliament alone, reports. The situation is indeed most alarming. But the most unfavorable and sensational reports are those which most quickly find their way into the Dress. ue that there is a considerable conflict press.

of opinion as to the respective rights of the pro doing an interprovincial business. It has yet to be proved that the Federal Parliament alone has the ght to grant a charter to an insurance company hich is carrying on business in the several provinces. In the United States, however, it has been lefinitely established that, under the constitution he Federal Government has no right to pass ceneral law covering the insurance business. deral Government has the right under the constiution to regulate inter-state trade and commerce on several occasions it has been decided that nsurance does not come under this nomenclature The result has been that there is a great variety of nsurance law in the United States, varying from state to state, some of it most absurd in its re-trictive character. Naturally, the insurance comanies would be gratified if the Federal Govern nent could find some avenue of escape from the lifficulties that have been raised through various ourt decisions, excluding insurance from Federal egulation. Some of the leading life insurance con nies have been contending for some time that the usiness of insurance should be subjected to nation egulation, instead of being at the mercy of conflict ng and inconsistent state laws. The latest case ich seems to give the power to the several states regulate insurance is that of the New York Life surance Company vs. Deerlodge County, Montana his case was decided last September; and although wo judges dissented from the verdict given, there ems to be no likelihood of a change. It was

nay extend, regardless of state lines, it cannot be gulated by Congress. President Kingsley, who has been a leader in the ause of federal regulation as a means of escape rom so many kinds of state restrictions and exact ions, and those who are working with him, are now ngaged in an effort to promote an amendment of he constitution which shall extend national juris ction over the insurance business. Mr. Kingsley ays that the various state insurance laws are b oming intolerable; that taxation is becoming eavier and more inequitable. The various require ents of the different states are becoming more umerous, more burdensome, and more difficult omply with. The insurance business, in his opinon, is headed directly for a condition which

lecided that in a technical sense, at least, insurance

not commerce, and however widely its operations

rofoundly impair its usefulness. It is not at all clear, however, that Federal regula ion will solve the difficulties which Mr. Kingsle, The various states at the present tim mpose taxation on the business which railway and ther corporations transact within the state. Even under Federal regulation the states would still have he power to levy taxation. Uniform state regu ation concerning insurance, therefore, would appear

o be the easiest way out of these difficulties.

To a certain extent the Canadian problems imilar to those that have been raised in the United States. Latterly the insurance companies have een protesting against the heavy taxation of the everal provinces. They threaten to appeal the ase to the Privy Council, in an endeavor to have conditions remedied. The mere fact, however hat insurance companies may be chartered by the will gradually make for uniform aws, and for the regulation of business. urance company with a Federal charter feels that position and prestige are greatly improved by he possession of a federal charter. The taking ou f Federal charters will gradually make for consis intly in insurance law. The other and equally mportant question of taxation is one that can be olved by an appeal to the Privy Council to set uch taxation aside as being outside the power of he several provinces. Under the British North America Act, the provinces have the right to levy lirect taxes only. It is highly desirable Il insurance companies carrying on business in Cann which they operate, and that the burdens placed not only of individuals who carry insurance, but also or the welfare of the whole state.

The Dumps.

Austria's declaration of war against Servia came t the moment when there were signs of gradual ecovery from the business depression that has pre ailed for so many months. For the moment videspread financial collapse will put a check on il improvement. There is, however, room for hope hat although war has been formally declared, actua ostilities, if not averted, may at least be localized If the efforts of the peacemakers should outweigh hose of the war-makers, we may still look for a noderate revival of business. The editor of the New fork Financier, writing a few days ago of the sitn in the United States, said:

"Irrespective of whether the present lull in business has been caused by real or sentimental influences, the fact remains that matters will not continue as they are over an extreme length of time. Already signs are not lacking that the bottom has been reached, and with the fundamental sources of wealth about to pour forth new supplies in the way of harvests, it requires but little thought to prove that the future holds brighter prospects. It is a well-known axiom that a nation can fall into the 'dumps' quite as easily as an individual. This is not strange, for a nation is only a collection of individuals and national thought is but the expression or con

clusions of people in general. The appeal to the nation as well as to the in-lividual to avoid the "disaps" is timely. Nothing an be gained by concealing the very serious situaion that has arisen. But, on the other hand, it is well to bear in mind that fundamental conditions ire sound and that if the war scare passes we may easonably look for substantial improvement in business generally. When the clouds are dark it is well ember that simshine will come again. The pleasure of hope is not to be ignored

Readers of the newspapers should remember that the circumstances under which war news is sunolied make it necessary to receive many reports with reservation. The censorship of the Government of ficials near the scene of trouble practically shuts off independent correspondents, who, in their anxiety to

Montreal's financial statement shows that High inance is being practised at the City Hall. Despite he fact that our revenue shows a healthy increase over the previous year, the expenditures have increased much more rapidly. There is a wholesale of the rights of the taxpayers being shown oy our City Fathers.

The statement was recently made by Mr. W. T. Danner, American Secretary of the Mission to Lepers hat there are over one million lepers in the world. He also declared that leprosy was neither hereditary or easily communicable. The great need for war oday is against disease. One-tenth of the money now being expended on armaments, if properly ap plied, could practically wipe out all disease which now claims hundreds of thousands of victims annually.

Thirty-five representative stocks listed on the ontreal Exchange declined \$\$185,000,000 in value iduring the past year. The bulk of this was furnished by Canadian Pacific Railway, which declin \$46.00 per share, entailing a market loss of nearly \$120,000,000. Despite this shrinkage, it is extremely unlikely that any of the companies affected will reduced their dividends. While the shrinkage en ails losses on shareholders, it at the same time furnishes bargains to those with money and the courage

These Emperors, Kings, and their War Lords who nageddon should be forced to go to the front and e accomplished towards the establishment of uniersal peace by introducing trial by combat than by reaching disarmament. It is seldom found that the who make war go to the front.

It is to be hoped that Great Britain will be able to bstain from participation in a general European war. It is true that she has an understanding with Trance and Russia, but there does not seem to be any real reason why she would take part in a conflic which does not in any vital sense concern her. Alliances may be beneficial at times, but as a rule the re more beset with objectional features than with penefits. If Great Britain is dragged into the war, it will probably result in Canadda sending contingents o take part in the conflict. It is hoped that nothing ike that will be necessary.

"A LITTLE NONSENSE NOW AND THEN"

The America may be a flivver instead of a flyer.

strike before Richard Harding Davis can go

Personally we don't claim to know much about the ivery of Heaven, but we doubt if it includes a peek

sympathy is with the women, as this war in Europe opens. Just look what the Balkan scrap did to their styles.

But perhaps Austria and Servia don't know tha dation has proved that it is economially wasteful to go to war.

When a fat man smokes a pipe, and has two chilhe trains one of them to bring him matches and he other to fetch ice water.

Chicago is to have a production of opera in Es-Probably it will be no more intelligible han much of the English opera.

"Well haven't decided ret, but judging from the hours he keeps I should think he was no rally cut out for a milkman.

Mrs. Hiram Offen-Your recommendations are raher poor, I must say. Maid Well, mum, yez eren't recomminded very highly to me, nayther, New York World + ALMAND

THE ISLAND OF MY DREAM

(By F. William Wallace.)

With the pine smoke gurling round me And the log-fire flickering low, My mind gives way to Fancy, And across the seas I go. And the cooling Trade Winds stream Thro' the sweetly scented verdure, On the Island of my Dream.

will sail o'er waters blue. While the billows croon their murmur, And her course is straight and true, For my little coral haven ere the wavelets catch the gleam, From the moonlight and the starshine, By the Island of my Dream,

There's a rustle in the palm tops, And there's music in the trees And the spray bells throw their whispers, On the bosom of the breeze. Oh, the skies are blue above me And the wheeling sea birds scream, To the Island of my Dream.

There I'll bask in lazy sunshine, 1 While at sea the dolphins play, And the rough, white, gleaming coral Courts the kisses of the spray, And the song birds chang Till the sunlight's golden beam, Clothes the distant peaks in crimso On the Island of my Dream

Oh, the joys of Life are fleeting, And they fade and pass away, Like the pipe, smoke wreathing upward, Or the waning light of day, To my haven will I take me While the hours forever seem On the Island of my Dream.

Business Economics, by Professor W. W. Swanson.)

(Number Thirteen in a Series of Short Aticles of

The use of money and credit is so natural in the sider the essential functions of these media of exchange. We have left in the dim and distant past old methods and measures of exchange, and can carcely realize the remarkable process of evolution through which we have secured our modern per fected instruments of exchange. Here and there owever, there are vestiges of the methods of other days.

ism of Exchange," Jevons gives a remarkable illustration of the old practice of barter. He says:

Chickens and Fruit for a Song.

"Some years ago, Mademoiselle Jelie, a singer of the Theatre Lyrique of Paris, made a professional tour around the world, and gave a concert in the Society Islands. In exchange for an air from Norma and a few other songs, she was to receive a third found to consist of three pigs, twenty-three turkeys, orty-four chickens, five thousand cocoanuts, sides considerable quantities of bananas, lemons and are showing such a feverish desire to bring on Ar oranges. At the Halle in Paris, as the prima doi remarks in her lively letter, this amount of live stock aste the effects of the war at first hand. More might and vegetables might have brought 4,000 france which would have been good remuneration for five songs. In the Society Islands, however, pieces consume any considerable portion of the receipts nerself, it became necessary to feed the pigs and poultry with the fruit.

When Mr. Wallace was travelling in the Mala rchipelago, he seems to have suffered rather from the scarcity than the superabundance of provis In his most interesting account of his travels, he tells us that in some of the islands, where there w dinner without a special bargain, and much chaffering on each occasion. If the vendor of fish or oth er coveted eatables did not meet with the sort of exchange desired, he would pass on, and Mr. Wallac nd his party had to go without their dinner. I therefore became very desirable to keep on hand supply of articles such as knives, pieces of cloth, arrack, or sago cakes, to multiply the chance that

The Breakdown of Barter

Barter was abandoned because of the difficulty in inding two persons twhose disposable possessions mutually suited each others wants. Recourse was had to some article of universal acceptance in th It is hardly ethical, to say the least, for Austria Many affices have been used by mankind for this purpose gin the Book of Job we read: "Skin for skin, yea, all that a man hath will he give in ex change for his ine;" a statement that clearly implies that skins were taken as the representative of value among the various oriental nations. The Latin word for money is "pecunia," which is derived from "pecus," a herd. This also indicates that oxen skins were used as media of exchange in the early history of the Roman race.

rent peoples at different periods as a money dium. Shells, iron, copper, brass, silver, gold have ach had their turn. The Indians of North America used wampum as their medium of exchange. But, fo byious reasons, gold has been finally adopted by the nations as the universal means of effecting ex changes. This has come about because of its com parative stability of value-a stability which is great as compared with other articles that have and favor as a money medium from time to t In addition, gold has been selected because of its,

1-Portability.

2-Cognizability 3-Divisability

4-Homugeneity.

5-Maleability.

6-And its great power of resisting abrasion. The Functions of Money.

Stripping the functions of money of all extrane

is considerations, they may be reduced to three; 1-Money functions as a medium of exchange. -Money functions as a standard of value; 3-Money functions as a standard of deferred ayments.

Each of these functions must be very carefully The medium of exchange function is most important. All our modern business enterorise is carried on by exchange. No longer does proluction take place for the local market-it is worldwide in its scope. Anything that facilitates ex-

as some economists declare. Value in itself merely early days the Bank of England was a servant to -price-by means of which the exchange relations standard of value.

nore carefully considered in our next lesson.

CHARLES A. DANA'S "BEST POEMS."

ago, of the "ten best short poems."

Shakespeare's sonnet, "When in Disgrace," and Milton's "On His Blindness" were first and second, respectively (the finest in our language—incomparably so), followed by Burns' "Bannockburn," Campbell's "Hohenlinden," Scott's "Pibroch of Donald Dhu," Emerson's "Brahma," Blake's "Tiger," Thackong," and Kipling's "Gunga Din."

Of the poems picked out by the great Sun editor

a rainy day he gets a toothache and has to give it form their thrills. all to a dentist.—Birmingham Age-Herald.

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THE BANK OF ENGLAND.

Employes of the Bank of England recently enjoyed holiday in celebration of the 210th birthday of the world's greatest banking institution, "The Old Lady of Threadneedle street," as the famous old bank is ride in its scope. Anything that facilitates ex-hange, therefore, is of the highest value in the me-a Scotchman, and was incorporated July 27, 1694. chanism of modern business. This function money was constituted as a joint stock association, with a capital of \$6,000,000. In return for the loan of its Second, money acts as a standard of value -a entire capital to the government, it received the right ndard by means of which the exchange relations to issue notes and a monopoly of corporate banking of goods are determined. We say "a standard" of in England. It was not until early in the nineteent value advisedly. Money does not "measure" value, century that this monopoly was broken down. In its is the ratio of exchange between goods. But by government; and in a lesser or greater degree it has means of gold we can get at a common denominator enjoyed this character through all the stages of its subsequent history. At first the charter of the bank f goods can be determined. Thus gold acts as a was for eleven years only; but in consequence of the great services of the institution to the government Third, gold or money, functions as a standard of its charter has been at various times renewed. Everydeferred payments. Where the time element comes in, one knows that the Bank of England possesses many where contracts are made, this function of gold is most important. All these points, however, will be the agent of the government in the matter of the national debt. But few are aware that it has the power of selling beer without a license. This privilege was allowed the bank by charter of incorporation under In connection with your enquiry, "What is the best the great seal, dated July 27, 1694, and the bank, if short poem in English?" it might be of interest to rethe great seal, dated July 27, 1694, and the bank, if call Charles A. Dana's selection, some twenty years street, or could send its drays around and deliver its beer .- Exchange.

FOOL AVIATION.

eray's "At the Church Gate," Tennyson's "Bugle two prior to the disastrous collision between a 'plane and a dirigible near Vienna, at the risk of breaking every bone in his body, it was possible for a man to only two, it is seen, were mentioned by your corres- shave 500 feet in the air. The exhibitors who cut pondents—the Milton sonnet and Blake's Tiger."— figure eights and do other stunts in their aeroplane to thrill crowds do not want stabilizers on their machines. Indeed, such safety attatchments would Just about the time a man saves up something for make it impossible for the aerial thrillers to per-

-Philadelphia Record.

VOL. XXIX. No.

Traders Have Surpas tions for Stre Their Acc

WAR PROSPECTS

Business Done in Any of But These ere Thronged By Anxious Enquirers. Nothing was discussed on t

Ordinarily, when the Exchan on account of holidays at hor tomer's rooms in the various entirely deserted.

from the terrible conflict that

dering from one brokerage off them, while filled with anima still doing no business. The voice of the ticker wa

telegraph instruments gave for racted intervals (when they sition to transmit a brief iter the boards, usually adorned t setting forth the price fluctua nained entirely void of quotat Looked Like a Cu

Outside St. Francis Xavier s the scene of a Corb market, scussing the most recent de-The generality of Canadians the tenor of conversation, are n cose; but neither are they dis monsibilities that may be the general outbreak of warfare in It has been accepted as an

have to be settled permanentl the expectation of most up to th the sound judgment of the E lead them towards a peaceful mittedly difficult problem. Even now that the worst is were no signs of panic in the the case in banking circles for was prevalent an atmosphere

may, those who have monies are disposed to await with p this resort to the arbitrament of Brokers Themselves
That this is the case is in no than in the manner in which fur have been met. Some of th they were themselves surprised

Perhaps the one begot the oth

played by the trading public heir accounts. The committee of the Mont met this morning, but the gather in its nature. With practical the world closed, there was no here. No date has been set for ing; that will depend entirely Meetings will be held

the call of the chairman, Mr Ha ENGLISH AND FRENCH

WITHDREW FUN Prior to That Berlin Was Most

of any of the Premier Eu Markets. Berlin, July 31.—It was a fore eshbank Bank would immedi

ample of English and French ce vance its official rate of discoun per cent, was in force since Feb The bank had raised its rate to ember of 1912 on the outbreak and continued it till October, 19 duced to 51/2 per cent., then to 5

ber 12, 1913, 41/2 per cent. on Ja per cent. on February 5 last. Before the present war cloud he most comfortably premier European money ma Reischbank bank's great accumu the widespread contraction of tra many. With the commencement of ket has been placed under a sever a result of domestic factors su banks and a propensity to hoard o and English bankers have withdr a wholesale scale.

SUSPENSION OF BAN

New York, July 31.—It is reported that the British Bank Act of 1844 No press despatches to this effect ed. If the report is true, it mean England will practically suspend and that it will have authority to out the usual gold backing. House ceived this information interpret Germany that England is prepared treme in event of war. Bank of Er inary authorization from ministry Bank Act, which must be subsequ

LARGEST SHIPMENT A New York, July 31.—American lin sailed for Europe this morning, c amount of gold ever taken from an for a single shipment. Total value \$11,025,000, or more than \$1,000,000

ONE CONCERN HANDLING New York, July 31.—German At pany stated this morning that it cern handling cables for Berlin. censorship has been ordered, and t cepted as usual.

high record for a gold shipment.