

PROFIT AND LOSS OF BIG WAR TO THIS CONTINENT.

Dr. Joseph French Johnson, dean of the New York University School of Commerce, and well known in Canada for his careful and illuminating studies of our banking system, has written for the Alexander Hamilton Institute an article in which he discusses the effects of the present European war upon this continent. Dean Johnson is optimistic as to the effect of the war on agriculture upon this continent and the industries which cater largely to agricultural interests. He is of the opinion, however, that many industries will suffer severely. An interesting feature of his article is the summarized statement of the chief items of profit and loss to the people on this continent, which follows:

Loss.

(1) Tendency to drain gold from this country, which must be offset by accumulating reserves, restricting credits and avoiding inflation by currency.

(2) Closure of European market to American securities and sales at low prices in this country, resulting in checking all permanent financing and stopping new projects and construction that have not been financed; probable permanent diversion from the United States and Canada of large amounts of European capital which would otherwise have come to us.

(3) Cutting off certain raw materials (chiefly chemicals), which are essential in some lines of manufacture, great reduction in European demand for raw materials, partly manufactured and manufactured goods, resulting in partial readjustments and in losses.

(4) Increase in the cost of living.

PROFIT.

(1) Opportunity to increase the prestige and banking connections of America in international financing.

(2) Opportunity to enter South American and Oriental markets and secure a larger share of this trade.

(3) Sale of foodstuffs and military supplies at high prices in European markets, resulting in prosperity for producers of these goods and for industries which cater to these producers.

Dean Johnson evidently believes that Germany has long been anticipating and preparing for the war. He calls attention especially to the increase in the gold holdings of the Imperial Bank of Germany, from \$194,000,000 at the beginning of 1913 to \$336,000,000 on July 17, 1914. "Following the lead of Germany, the banks of France and Russia also piled up vast stocks of gold. The extraordinary pressure for gold on the part of the great governmental banks of Europe, beginning early in 1913, is regarded as highly significant by those who believe that one of the world powers deliberately planned and promoted this war."

"New projects or any other large capital expenditures are out of the question. Construction that has already been financed may be carried on and there may be isolated cases of new financing, but they will be exceptional."

American and Canadian banking conditions, in Dean Johnson's opinion, are sound. He says:

"Fortunately the war broke out toward the close of a period of liquidation. American and Canadian craft in the financial seas were already steering cautiously and with shortened sail. If the storm had burst in a period of expansion its effect would have been far worse."

THE MORATORIUM BILL.

Some of the yellow newspapers in both Canada and the United States have been trying to frighten people this week with scare head-lines about a moratorium being imminent in Canada. The basis for their frantic screaming is that the present special session of Parliament is being asked to pass a bill giving the Government power to declare a moratorium at any time that it is necessary. At the present time it is not necessary and the passing of the bill is merely a matter of precaution. Because a man takes out an accident policy it does not follow that within the next two days he is going to be involved in a railway smash; the taking of powers to declare a moratorium does not mean that forthwith the Government will decree a suppression of payments wholly or in part. Even if the financial position in certain directions became so serious that a whole or partial moratorium were declared, it would not be a matter to become scared about, since a moratorium is a protective measure designed to ease a difficult financial situation. A good policy at the present time is to keep cool and avoid yellow newspapers.

NEW BANK BRANCHES OPENED.

During July the chartered banks of Canada opened ten new branches and closed two making a net gain of eight for the month.

Canadian banks now have 3,226 branches, distributed as follows:

In Canada	3,134
Ontario	1,156
Quebec	632
Nova Scotia	110
New Brunswick	83
Prince Edward Island	17
Manitoba	206
Alberta	266
Saskatchewan	412
British Columbia	249
Yukon	3
In Newfoundland	20
Elsewhere	72
Total	3,226

BANK OF NOVA SCOTIA.

Mr. H. A. Richardson, general manager, and Mr. W. P. Hunt, manager at Montreal of the Bank of Nova Scotia, returned from a two months' trip abroad this week, taken partly in connection with the plan of the Bank of Nova Scotia to open an office in London, England. In view, however, of the outbreak of the European war, that proposal has been deferred. London was in a very serious mood when he left, says Mr. Hunt. Just before England became involved in the war, for several nights there were noisy demonstrations in the street, much singing and cheering and waving of British and French flags. But when war was declared, London became quiet and sober and the atmosphere was one of quiet determination and not of noisy boastfulness.