

to be the best policy to conserve the cash resources through withholding dividends to the stockholders. A number of other important concerns have taken the same action, and there is a certain amount of nervousness among holders of other stocks as a consequence. In some cases the companies referred to are making profits which would under ordinary circumstances warrant the payment of dividends; but the stringent money market conditions have a tendency to make the officers think it wise to withhold dividends. Thus it may be the case that the company cannot without great difficulty and great expense borrow the money needed for carrying on its business. By passing dividends it can lessen its dependence on borrowed money, and prosecute its operations to better advantage. Where dividends are dopped under such conditions the probabilities are that the shareholders will not lose in the end—for on the return of normal times extra distributions could be made to recompense them.

THE MONEY MARKETS.

Money market conditions at Canadian centres are unchanged. Call loans at Montreal and Toronto draw interest at from 6 to $6\frac{1}{2}$ per cent.; and mercantile paper rules at 6 to 7.

Call money in London is 2 to $2\frac{1}{2}$ per cent.; and discount rates range from $3\frac{1}{4}$ to $3\frac{3}{4}$. Bank of England rate is 5 p.c. as heretofore. The Bank of France quotes 5 p.c., and the Imperial Bank of Germany 6 p.c. Nominally, discounts in private markets at the French centre are 4 p.c., and at the German centre, 6 p.c.; but it is stated that the rates actually asked are in the majority of cases well above these figures.

NEW YORK POSITION.

Call loans at New York are 6 to 8 p.c. Time money continues to be very dull, most of the money on offer coming from interior banks. Generally, rates are 8 p.c. In their Saturday statement the New York clearing house institutions (banks and trust companies combined) reported a loan expansion of \$26,000,000, cash gain of \$6,400,000, and increase of \$10,154,000 in note circulation. The net result was to bring the deficit down from \$37,129,400 to \$35,065,000. It is to be noted that the note circulation of the New York city banks stands at \$124,516,000 as against \$45,156,000 a year ago. The increase—roundly \$80,000,000—represents emergency currency taken out by the banks of New York. This emergency currency is secured by bonds and commercial paper. In all parts of the country the national banks have been issuing the paper; and the great increase in volume thereof is one reason why American currency has gone to a discount in Canada.

RE-ADJUSTMENT.

(Continued from front page.)

not wholly unfavorable; they might easily have been much worse. The economy in both private and public expenditure, which will be necessary, would have been necessary had the war not taken place; it is fortunate that those in charge of the credit system are able to enforce this policy. With regard to the continued influx of capital from abroad, it cannot be reasonably expected that this will continue on the same scale as in some recent years. But too gloomy a view is being taken by many on this point. At the present time immense funds are being accumulated in London for investment which will be released immediately conditions warrant—and they will not all go into war loans. There will be a tremendous rush for these funds, and high rates will have to be paid for them. But in our opinion the development of present circumstances will give Canada an exceedingly valuable preference in the use of these funds. It seems possible that following upon the present war there will be something of a change in the habits of the ordinary British investor. In the last twenty years, he has lent very large amounts of funds, not only within the Empire, but to countries under foreign flags. With the quickening of the Imperial idea which this war will produce, and the realization of the necessity of building up afresh the financial resources of the British Empire, it seems not unlikely that there will be a movement towards abstention from investment under foreign flags and the utilisation of funds within the bounds of the Empire. The maturity of a movement of this kind would not, of course, make strict economy in Canada in the matter of "frills" less necessary. The fact of the destruction of probably thousands of millions of dollars of capital in this war precludes any idea that our municipalities and others can go on spending just as freely as if this destruction of capital had never taken place. But in the case of funds required for enterprises of a basic and productive character, there is at least reason to think, taking all the circumstances into consideration, that Canada will be at least able to secure a fair amount when the financial horizon clears. The adoption on our own part, as quickly as may be, of the policy of development and production will assist towards that end by showing British investors that their continued confidence will not be misplaced.

It is now stated that the Ontario Legislature will be asked to pass at its next session a partial moratorium measure, deferring "in cases of hardship" payments of principal on account of mortgages now current. The intention is said to be to make this legislation retroactive to the date of commencement of the war.

The Bank of England yesterday continued its rate of discount at 5 per cent.