"Thus," said Sir John, "you have this amazing situation. The Bank of England has been lending money to the Lords of the Treasury, who have no authority to borrow, and it is possible to conceive that a group of unscrupulous financial men behind the joint stock banks might buy up these Treasury bonds and put the Bank of England out of business by calling on the Bank of England to redeem bonds which it, in its turn, could not legally collect from the Government."

The Monetary Times suspects that the governors of the Bank of England have a sufficiently clear appreciation of current events to preserve the bank's unique position in the world's finance. And what think "the unscrupulous financial men behind the joint stock banks" of their designation? The Bank of England is at once the servant and master of politics. It serves a government as it would any other client, with perhaps a little more consideration. It dictates as its power in the banking world permits. British finances are in a tangle through the rejection of the budget and subsequent events. While political and constitutional strife stirs the country, investors become uneasy. Capital always seeks the most comfortable repose. The result is that the government, rightly or wrongly, willingly or unwillingly, is hurting the home investment market.

British Consols are being sold in large blocks, holders having become tired of allowing in the balance sheet for their depreciation. The Bank of British North America, for instance, disposed of a fairly large holding of this security last year. Capital is diverted to other channels, Canada being favored at present in this way. Already this year we have obtained in London twelve millions sterling, or approximately sixty millions of dollars in the shape of public flotations overseas. That is a sum only slightly less than one-third of the total amount raised by Canada in London last year. Perhaps Sir John Phillips is too deeply interested in the absorbing political situation to see clearly the financial position.

PULPWOOD AND RECIPROCITY.

The obvious aim in the move of the Quebec Provincial Government in prohibiting the exportation of pulpwood cut on the Crown lands of the province is to insure its manufacture in Canada. Two considerations arise from this decision: the advisability of using the pulpwood supply as a lever to greater industrial movement and the effect of this action upon the proposed reciprocity agreement with the United States. Premier Gouin has not kept secret his government's intention. The matter comes as no surprise to Canada or to the United States. Indeed, the subject was used somewhat threateningly by Washington writers prior to the recent tariff agreement.

Quebec is proud of its pulpwood possessions, and has chafed long at the idea of export for the benefit of United States manufacturers. That the pulpwood industry shall give an industrial spurt in that province is Quebec's natural desire. Simple purchase at home, with its far-reaching effects enjoyed chiefly in another country, does not appeal. Premier Gouin stated that his province was not directly interested with the United States in the tariff negotiations, but being a part of the Dominion it was indirectly interested. This fact delayed an earlier announcement of the policy. Good patriotic and industrial reasons, therefore, dictate this new order, which will go into effect almost immediately.

Already the American press has seen in the prohibition an obstacle in the way of a better trade agreement between the United States and Canada—scarcely a reasonable attitude. The difficulty can be overcome exactly as it has been removed by American enterprise in the past. Capital from across the international boundary line to the extent of $250,000,000 at least has been placed in Canada primarily for the benefit of United States captains of industry and captalists, while at the same time Canada has obtained commercial impetus. tI is almost generally recognized throughout the Dominion that one of our chief assets is natural resources. To allow our neighbor to strip these and take them home purely for their benefit is obviously unfair to the growth of the Dominion.

The matter is of vital importance to this country, while it is a minor consideration for the United States. The prohibition of Quebec's pulpwood exportation can be regarded only as a natural event in the course of Canadian development. One does not anticipate that authorities at Washington will consider it as an obstacle to the proposed strengthening of trade relations between Canada and the United States by means of a further and more permanent agreement.

EDITORIAL NOTES.

A London contemporary states that the British investor prefers rubber speculations to British Columbia fruit. Ignorance of our Pacific coast conditions is the reason. In the meantime, British Columbia knows which investment will leave the worst after-taste.

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The port of Montreal every day is helping to make Canada's commercial history. About twelve million dollars will be expended in the next twelve years upon a scheme of development. With improved ice-breakers two months of navigation will be added to the present season. Man's ingenuity is to triumph over ice and winter rigors. Two months' extra shipping at Montreal is a vital consideration in Canadian economics. Is it too much to hope that with the growth of population and the progress of science, the port of Montreal one day will be open to the world's ships all the year round?

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Despite the warnings of prominent banking men, real estate activity has not slackened in the slightest on the Coast, particularly in Vancouver. Some weeks ago bankers cautioned those with small amounts not to take up small lots in distant subdivisions, but buying is still eager. Values are firm in our three large coast cities. The avidity with which subdivisions are bought is an indication of the appetite for land speculation. Many have made money in real estate, and with these examples before them, others are willing to risk something. Conservative people wonder where will be the end. With new railroads and development throughout the West, words of caution seem to avail little.

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A proposal is afoot to incorporate a new Stock Exchange at Vancouver, and to organize similar institutions at Prince Rupert, Victoria and Seattle. The name, Portland Canal Mining Exchange, gives an indication of its inspiration and its objects In plain words, this new Pacific necklace of stock exchange beads is to be threaded to peddle and exploit the mining stocks of the Portland Canal and other mineral districts. Is such a step necessary? The Monetary Times has as much faith in the possibilities of the Portland Canal region as has British Columbia. But anything which tends to a stock gambling gallop is to be deprecated. The Rossland boom and its dire results are history, although not ancient enough to be entirely forgotten. British Columbia should create a precedent and try mining without mad stock speculation. The sears of the Cobalt stock iron are still painful in Eastern Canada. Telegraph wires from Prinee Rupert to Seattle offer much temptation. Four new mining exchanges will not prove apples of gold in pictures of silver.