Washington Government's report on the 1911 cotton crop was an encouraging document, indicating a yield of about 14,000,000 bales.

In Canada the monetary situation has eased sensibly in several respects since the advent of October. Discount rates, however, are as yet maintained at the levels heretofore prevailing. Call loans also are still quoted at 5½ to 6 per cent. Unseasonable weather has been experienced in Western Canada in several sections. Threshing has been delayed in consequence. Deliveries of new wheat are coming forward satisfactorily; and the whole country has apparently settled down to business again.

Although it is to be remembered that Montreal and Toronto are not in the direct course of the great movements affecting the big international markets, there is satisfaction for Canadians in the contemplation of the fact that no disturbance or abnormal liquidation appeared in our home markets. For this we should perhaps thank our system of banking. In the banking systems of nearly every other country there are elements which are apt to give trouble when the skies become overcast. Fundamental weaknesses of system have not, however, appeared in Canada recently.

A RESUMPTION OF INDUSTRIAL MERGERS NOT ADVISABLE.

Some parties have hinted that, as one result of the recent political turnover in the Dominion, there may be seen a revival of activity on the part of the merger promoter. The Chronicle has consistently opposed an extensive continuation of the merger movement and it does not believe that conditions in Canada or elsewhere are suitable for a resumption of the business of consolidating industrial and other concerns. The objections to such mergers as have been carried through have been stated on several occasions and there is no need to discuss them at length in this issue. Almost invariably these combinations are burdened with a considerable amount of watered stock. Newspapers in various parts of the country have referred with approbation to the remarks on watered stock made by Mr. J. W. Johnston at the annual convention of chartered accountants in Montreal last month. Mr. Johnston said watered stock should be designated wind stock, as it has neither body nor soul. He pointed out that when Mr. R. L. Borden, the premier-elect, was asked at a public meeting in Western Canada for his opinion of watered stock he replied that he would favor a bill to prohibit it. However, it appears that the general monetary stringency is likely to be the most potent factor in preventing an active resumption of merger promotion and the creation of watered stock. No new mergers can be put through without the assistance of large loans from the banks, and a promoter suggesting that such loans were desirable would get but scant encouragement in the banking parlors at the present time. The fact of the matter is that the banks have their hands full with the financing of the Western wheat crop. That operation is absorbing more funds than ever before, and the shortage of bank note currency has necessitated the employment of a larger proportion of actual cash. When a bank pays Dominion 'twos' or 'fours' or gold or United States currency over its counter, the operation lessens its power to discount and aggravates any monetary stringency that may be in evidence. On the other hand when it can meet demands for currency by paying out its own notes its discounting powers are not thereby curtailed to any appreciable extent.

The international situation is another thing which is now tending to make the Montreal and Toronto bankers averse to financing merger promotions. If a promoter were to lay the most carefully prepared plans before his banker the latter would be compelled to take into consideration the situation of the New York, London, Paris and Berlin markets. And the situation in these great centres is not such as to encourage him to put his funds into unmarketable merger securities. It is quite possible that some of the banks have yet in their books a large amount of promotion loans which they would be glad to be rid of. These loans are apt to be dead or immovable in periods like the present. The banker carrying them is perhaps prevented from engaging in the numerous profitable opportunities presented by the foreign and home markets. The borrower who has pledged this collateral, if forced to pay his loans, can do so only through selling other securities. It would seem that before a new era of merger promotions can safely be entered upon a clearing up or liquidation of these old loans pertaining to past mergers will be necessary. In London, Paris, Berlin and New York the work of liquidation and readjustment has been actively in process and Canada cannot hope to escape the effects of a worldwide movement of this kind.

So far as the recent elections are concerned, many and varied interpretations have been placed upon the result. The one point on which all parties can agree is that Canada does not at present approve of reciprocity with the United States. Those who would read the election results as conferring license upon the merger promoter to proceed vigorously with the work of industrial combination are likely to meet with sharp contradiction. If he chooses to do so, Mr. Borden may properly consider his election as an authorization to raise the general level of the tariff. But it is open to question whether he would serve the best interests of his party by taking that course. In the mind of the public the merger question is closely associated with the tariff question. If in the next few years a number of overcapitalized consolidations endeavor to justify their capitalization by charging excessive prices, or if other over-capitalized combinations are brought into existence, the one sure result will be