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CANADA AND MEXICAN AFFAIRS.

The Mexican imbroglio again came into the most prominent position this week, following the arrest of a boat-load of American sailors who had landed unarmed at Tampico. President Wilson's Government promptly demanded satisfaction and on Mexico demurring at the terms, American warships were dispatched for the purpose of forcing the Mexican officials to salute the United States flag. It is generally conceded that should there be a collision between the Americans and Mexicans, the federalists in the South and the constitutionalists in the North would unite against the "gringo"; and quite an important war might follow. However, the state of affairs in the unhappy republic has been going from bad to worse—a large part of the population apparently is becoming habituated to a life of killing, burning and destroying; and the position of foreigners in Mexico has been getting more dangerous from day to day. The whole civilized world would be glad to see order restored and the audacious bands of murderers and other criminals severely punished or wiped out.

AMERICAN INTERVENTION WOULD BE WELCOMED.

So far as Canada is concerned it does not appear that our finances will be appreciably affected by a Mexican war. Conditions under which the big Canadian concerns have been operating in Mexico have grown almost intolerable. They and their stockholders would welcome American intervention as a means of preserving much valuable property. Of course any disturbance in the financial markets at New York or London attributable to the Mexican situation would find reflection to a certain extent in our home markets. But it is very likely that the declines seen this week in Wall Street were caused quite as much by the unfavorable business situation as by warlike developments on the Mexican frontiers.

GRAIN LOANS' LIQUIDATION.

We are now approaching the season in which liquidation of grain loans through dispatch of cargoes from the Lake Superior ports promises to materially strengthen the cash resources of Canadian banking institutions. This prospective accession of strength will be of service if the recent railway rate decision causes European investors to sell our securities. Such a disposition to sell on the part of Europeans would probably be most marked in the case of those securities of the newer roads which are not protected by Dominion or Provincial guarantees. In view of the uncertainty overhanging our trade and industrial outlook it is rather unfortunate that the overseas capitalists who supply the means for our continued development have been forced at the same time to take account so anxiously of the possible effects of the rate regulation policy as instituted by the Dominion.

There has been practically no change in the money market position at Montreal and Toronto. Call loans are quoted 5½ to 6 p.c.; and commercial paper is 6 to 7 p.c.

EUROPEAN SITUATION.

Strong competition developed in London for the \$3,250,000 new gold from South Africa which was offered on Tuesday. Russia secured the bulk of it at an advance of ¼d. The Bank of England rate is unchanged at 3 p.c. In the London market call money is quoted 1¾ to 1⅞; short bills are 1⅞ p.c.; and three months' bills 1⅞ to 2 p.c. Bank rate at Paris is 3½ and at Berlin 4 p.c.; in the private market at Paris discounts are 2¾ p.c.; and at Berlin, 2⅜ p.c.

EUROPEAN IMPATIENCE.

The European markets have been giving a large share of their attention to Mexico. Germany and England in particular, and France to a lesser extent, had been growing restive under the destruction of property in Mexico, belonging to their citizens. At Tampico, where the trouble with the American marines occurred, very valuable oil properties have