Prominent Topics

Looking unto Canada.

From the West there came recently the interesting information that drafts purchased in Dawson on Seattle banks, were being brought instead to Vancouver for payment by the banks there. So acute, indeed, was the cash shortage in Seattle that it was reported that Canadian currency might be accepted at par, and an effort made to obtain bank notes from Vancouver for use by Seattle institutions. "This would solve the situation in Seattle," it was affirmed, "but it would forever prevent the charging of a premium on Canadian bank notes or silver ever after"—*horresco referens.* Apparently, though, the citizens of Bellingham are not now regretting that they have always given the same recognition to Dominion currency as Canadian border towns usually accord to that of the United States. At any rate, Bellingham is said to have suffered much less recent inconvenience than Seattle—the reason apparently being that two-thirds of the cash in circulation there during the past two or three weeks has been Canadian money, a medium of exchange which will doubtless be specially favoured henceforth by all grateful Bellinghamites.

A still more gratifying evidence, however, of confidence in Canadian banking methods has been the recent depositing of savings by Americans in the banks at Windsor and other points along the international border. A higher tribute could scarcely be paid to the strength and stability of our banking system and to the conservatism of our leading bankers—and nothing illustrates more clearly that a loss of confidence rather than a lack of money has been the ultimate cause of our neighbours' unfortunate panic.

A Week-End Survey.

In the breathing time that had come with the passing of its acute crisis, New York was able at the close of last week to take some survey of the extent and after-effects of the panic. Through the prompt action of leading bankers and financiers, threatened institutions have been saved and the money stringency measurably relieved by European gold, supplemented by the gradual return of hoarded money into general circulation. Not only in all parts of the United States have the effects of New York's storm and stress been felt. All the world's great markets have been influenced—and that not slightly. For the first time since 1873 the Bank of England rate was raised to 7 p.c., followed by a rise in the Berlin rate to 7½ p.c., and by increases in the rates at Paris, Brussels, Bombay and Melbourne.

Recuperation and readjustment of United States conditions cannot come about in a day. Stock market changes are predictive of price rearrangement in the fields of labour and general trade. What the final outcome will be, "no man can speak with confidence," as Dean Johnson, of the New York University School of Commerce remarked a day or so ago. "Yet" the professor made bold to add, "there is good reason for believing that the depression incident to the money panic of 1907 will be short-lived." So conservative an observer as The Statist of London agrees in the main with Dean Johnson that owing to the essential prosperity of the country, recovery from this panic, as from that of 1857, will be fairly rapid, though it admits that depression may last for a year or even more.

The "average system" employed in making up the weekly bank statement, failed to reflect at all fully the $21,000,000 gold arrivals during the week ending Saturday last. The deficit in reserves increased by $13,000,000 to nearly $52,000,000, the chief cause being not a decrease in reserves so much as a loan expansion amounting to nearly $39,000,000—an evidence of the banks' endeavour to aid business interests. While the deficit seems tremendous compared with that after other panics, it is to be borne in mind that the $16,500,000 deficit of August, 1893, left actual cash in hand amounting to 20⅝ p.c. of deposits, while last Saturday's $52,000,000 deficit resulted in a reserve ratio of 20¼ p.c.—not a very great difference, after all. As The Wall Street Journal remarks in this connection, "It should be remembered in considering this deficit that the banks are doing with their reserves exactly what reserves are maintained for, namely, for use in times of emergencies."

How this Week Began in New York.

The impression that the Saturday bank statement did not represent actual week-end conditions as to money supplies, prevented its unfavourably affecting the stock market on Monday, especially as the money market was much freer in its working. The day was strong on opening, and quiet and steady towards the close. While gold imports gave signs of slowing up, there were some important engagements announced during the day, and it seemed understood that New York would continue to bid actively for South African assignments. The National City Bank, however, announced the cancellation of a $1,000,000 engagement made on Saturday, the management stating that this step was taken in deference to the feeling in London banking circles, and because they considered that the amount of gold already engaged was sufficient to meet the situation. With the gradual return towards normal conditions in New York, has come somewhat of a tightening of the strain in the interior. This is considered the usual order of events, however. Naturally the currency premium went somewhat higher in response to insistent interior demands.

Tuesday brought urgent demand for currency early in the day, but the rate of premium was taken as indicating some easing off of the strain. While more gold was engaged for import, the movement in and out of the Bank of England showed a balance in favour of receipts. On the stock market there was a cessation of the small margin ventures which the previous day's rise had encouraged—the impression having spread that any speculative activity would be checked by the conservative financial powers that have at heart the mending of the situation by a season of "rest cure" for the market. The passing of the dividend on the Parrot Mining Company, a subsidiary of Amalgamated Copper, was the occasion of special weakness in coppers.