

about to enter a period of unusual prosperity it is no easy matter to prevent heavy buying of the stocks holding greatest promise.

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The monetary situation in Canada continues tight. Call loans are quoted $5\frac{1}{2}$ to 6 p.c. with very little in the way of funds obtainable. Commercial loans too are in great demand and interest rates show a tendency to rise. At present 6 per cent. is secured by the banks in cases of the best mercantile accounts. While money is exceedingly scarce it seems that the statement of a Toronto financial weekly—that the banks can lend no more—is somewhat overdrawn. In the fall months (October and November) the banks are always under obligation to make very heavy loans not only to the grain trade but to other interests as well. So an important increase in the total of commercial loans often takes place in those two months of the year. Last year the increase was \$21,300,000; in 1910 it was \$9,000,000; and in 1909, \$30,000,000. It is to be expected that the loan account will expand this year in October and November by quite a considerable amount. To be sure the banks may not dip into their cash reserves in the sense that they will part with specie, legals, etc., in making new loans. The new loans will be made through increasing the bank liabilities rather than through paying out cash. The note circulation and the current account balances will likely rise sharply. But for the time being it will not be surprising if the creation of a large amount of bank liabilities causes the ratio of cash reserve to liability to fall. That should not occasion alarm as the reserves can doubtless be strengthened again when the work of moving the crops has been completed.

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THE LATE MR. R. WILSON-SMITH.

At the meeting of the trustees of the Guardian Assurance Company, Limited, held at 160 St. James Street, on the 18th instant, the following motion in regard to the loss which the company has suffered by the death of their fellow Trustee, the late Mr. R. Wilson-Smith, was ordered to be recorded in the minutes:—

"It is with very deep regret that the trustees have to record the death of their esteemed friend and co-trustee, Mr. R. Wilson-Smith.

"Mr. Wilson-Smith had been a trustee of the company since the formation of the Canadian Branch, and during that time his colleagues on this board have found his wide knowledge of business affairs and financial ability of very great assistance to them in their deliberations.

"The death of Mr. Wilson-Smith is also a great loss to the community, as he was for some years an alderman of the City of Montreal, and likewise served a term as mayor. He was also associated with many of the foremost business enterprises of this city, and as his aid and advice were always freely given in connection with the various charitable and religious movements in Montreal, he will be greatly missed.

"The Assistant Manager, Mr. Bertram E. Hards, was instructed by the trustees to convey their deep sympathy to Mrs. Wilson-Smith and the family, and at the same time to forward them a copy of this resolution."

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THE CIRCULATION REDEMPTION FUND.

In the month of July the total of deposits made by the chartered banks with the Dominion Government for security of the bank note circulation increased \$408,695—from \$5,902,446 to \$6,371,141. This increase may properly be regarded as a permanent increase; it is the result of the annual adjustment of the balances required by the Bank Act. Thus section 64, sub-section 7 says: "The circulation fund shall be adjusted as soon as possible after the thirtieth day of June in each year, in such a way as to make the amount at the credit of each bank contributing thereto, unless herein otherwise specially provided, equal to 5 per centum of the average note circulation of such bank during the then last preceding twelve months." The Act also stipulates that the average circulation shall be the monthly average, and that in calculating it the greatest amount of notes in circulation at any time in any month shall be taken to be the amount of the notes of the bank in circulation during that month.

At each adjustment period in recent years the balance of monies in the Circulation Fund has been increased. However, the total shown on July 31, 1912—\$6,371,141—does not represent the high record. When the Canadian Bank of Commerce was about to take over the Eastern Townships Bank, in February of this year, it was obliged to deposit \$1,136,837 temporarily in the Fund in order to comply with section 107 of the Bank Act. This section is looked upon by the bankers as something of a hardship. Part of it says that if in case of the absorption of a bank by another bank the total amount of outstanding notes of both institutions, as shown by the last monthly return prior to the absorption, exceeds the paid-up capital of the purchasing bank, then the purchasing bank must deposit with the Minister of Finance cash equal to the excess.

In the January bank return, which was taken as the basis of the Commerce-Eastern Townships merger, the circulation of the Commerce appeared as \$10,403,322 and that of the Eastern Townships as \$2,542,125. The combined circulations of the two banks amounted to \$12,945,447, while the capital of the Commerce (the purchasing bank) at the same time was \$11,808,610. The difference—\$1,136,837—the Commerce had to pay into the Finance Department at Ottawa, for one month. When the merger was completed the Commerce capital was increased by the amount of Eastern Townships stock acquired by it, and the Government then refunded the greater part of the special deposit.