

necessary to consider the disadvantages under which the great employer of labour suffers from this constantly changing condition of the money market to understand how seriously it affects him in his business. We can take the case of the big contractor who accepts a contract for building a big factory, or warship, or for supplying a big line of goods. He bases his estimate upon being able to borrow money (at a time when the bank rate is $2\frac{1}{2}$ p.c.) at, say, $3\frac{1}{2}$ per cent., in order to finance the contract. In the middle of the contract, he finds the bank rate is raised to 5 per cent. or even 6 per cent. owing to trouble in New York or an excessive abundance of crops in Canada or Egypt. As many contracts are thus entered into for a million pounds sterling or more each, the manufacturer is faced with the necessity of paying £50,000 or £60,000 for interest on borrowed money instead of an estimated £35,000. In short, owing to external occurrences over which he has control, he is faced with a loss of about £15,000 or £25,000. Our political economists, financiers and bankers have contributed a great deal of literature to a theoretical discussion of the necessity or otherwise of a big gold reserve, but there has not at present been any practical solution of the difficulties created by a sudden upward movement in the rates for money, which I have here noted.

Banks which are not Banks.

For twelve months or more I have been writing on the need for legislation with respect to money-lending institutions and trading companies which trade as banks. There has grown up for some time past a tendency on the part of big trading companies, like Harrod's Stores, Liptons, etc., possessing many branch establishments to accept money on deposit at rates, sometimes considerably above those offered by the ordinary banking institution. For many years a one-man concern, called the Charing Cross Bank, has been advertising that it received deposits at as much as 7 p.c. interest withdrawable on one year's notice. On Monday its doors were closed and its affairs passed into the hands of the Official Receiver. The liabilities are estimated at about £1,500,000. The affair has more than passing interest for Canada because the debtor, who filed his own petition, denies insolvency, and states that he took that step in consequence of the threats of certain persons to institute criminal proceedings against him in relation to the investment of the bank's money in a Canadian railway scheme. The head of the bank is Mr. A. W. Carpenter, and it is understood that he was interested to a very large extent in the Atlantic, Quebec and Western Railway; it is, indeed, stated that he, or the Charing Cross Bank, holds some £700,000 to £800,000 of bonds in that company, and that his son occupies an important official position with the company in Canada. It is, therefore, thought that if the affairs of the Bank are carefully handled the depositors in the bank may receive a substantial return of the amounts they have placed in the bank.

The moral of the failure at least remains. "High interest means low security" is an alluring saying but it is not always true, as many holders of British Consols know that "great security" in their case has meant not only low interest, but also dwindling capital. The coiners of financial phrases, moreover, do not have sufficient regard

for the country parson and the elderly spinster who is called upon to decide between comparative poverty on £70 per year and comparative affluence and luxury on £140 per annum. That is, in reality, the difference between investing in Consols and putting the money on deposit with banks which offer 7 per cent. interest, like the Charing Cross Bank. The ramifications of the Bank may be gathered from the fact that in London alone there are over 20,000 people affected by the failure, and reports show that many parts of the provinces are equally affected.

A Portuguese Pledge.

Something in the nature of a pledge has been given by the new Portuguese Republican Government in a letter which the Financial News is rightly jubilant to have received over the heads of its contemporaries, from the Finance Minister of the new Republic. He says that the Portuguese Government is in a position to meet all the Treasury's liabilities. "The regime of deficit will come to an end, and the Government will endeavour to place the country on a sure financial footing." The Financial News looks upon the letter as a harbinger of financial reform.

The Investment Outlook.

The investment outlook is much brighter, and the indigestion from which the rubber and oil markets have been suffering has passed off, although the holders do not show any anxiety to enter into fresh speculations in that direction. The time is also ripe for fresh investment issues. This is earlier than I anticipated, but I think good well-secured bonds could be easily placed now, although the increased bank rate is, of course, against the professional houses, trust companies, and banks taking an interest in them for the moment. During the ensuing winter I look for another great outburst of buying of foreign and colonial investments by British investors. The violent outburst by Mr. Lloyd George and his attack on the rich accentuates the feeling which is every day gaining ground that capital, at the present day is safer in Canada and the United States than it is in England, and moreover, may be used to greater profit.

LONDONER.

London, October 22, 1910.

From Western Fields.

Satisfactory Finances in British Columbia—Civil Insurance at Winnipeg—Water Power and Industrial Developments—Insurance Investments in the West.

The Hon. Price Ellison, treasurer of British Columbia, interviewed *en route* to England, reports a satisfactory financial position in the Province. There is a surplus and he knew of no contingency, he said, that would bring the Province face to face with anything like financial stringency. As to the labour situation in the Province, Mr. Ellison said he did not think there would be any great difficulty. In the first place, Mackenzie and Mann had stated they can get all the labour they wanted. Of course, the Grand Trunk Pacific people had been complaining some-