

allowed to examine, and cross examine witnesses. Judge McTavish decided to recognize the Provincial Government's Counsel. The Commissioners expressed their impatience and desire to push the enquiry more rapidly, as at the present rate they will be sitting all next winter.

When the Manufacturers' Life was disposed of the Commission turned its attention to the Union Life, more especially to the relations of that concern with the North American Life and the National Agency Co., which were somewhat complicated. Whether the Union Life was a donkey engine to the National Agency, or *vice versa* seems dubious.

Our contemporaries generally declare their inability to understand the relations of the Union Life and the Agency Company. One, however, remarks:

"Evidence so far points to the idea held by the directors of the National Agency in forming the Union Life as being briefly, thus:

The shares of the National Agency are paid up, that is there is no liability on them. The shares of the Union Life were held, not by the shareholders of the National Agency Company, individually, but by the corporate body, the National Agency. Only 10 p.c. has been paid up on these shares, hence there is a liability. Yet the shareholders of the National Agency escaped this liability simply because the stock was held by the corporation and not by the individuals.

The Commissioners themselves apparently were not clear as to these relations and the transactions arising out of them.

Mr. Kent as a professional accountant of some experience, might take a hand in this enquiry, as Counsel cannot be expected to unravel such a tangled mass of evidence of a bookkeeping character as was presented on the 8th inst.

#### THE FINANCIAL SITUATION.

After the panicky conditions in New York, on which we commented last week, there was a reaction. The alleged scarcity of money that sent up rates to 10 and 12 p.c. suddenly gave way to a conviction that, after all, there was no such famine as was imagined, or artificially arranged. This only justifies our query, "Who are the manipulators and who are their backers?"

It is to be hoped that the investigation talked about last week to ascertain who are responsible for these frequent disturbances of the New York money market, will be held. There cannot be any question that the sudden advances of rates for money in New York are not occasioned by the natural, the free action of the law of supply and demand. There are influences operating which either restrict the supply, or refuse to meet the

legitimate demand, unless extravagant rates are paid. The process is somewhat akin to organizing a "corner" in wheat for the purpose of creating an artificial scarcity, and so raising prices to the injury of dealers who, to keep their engagements, have to buy wheat at whatever price the "corner" has forced it. If New York is ever to occupy a place in the front rank as a monetary centre it will have to break the power of those who periodically manipulate the rates for money independently of the natural relations which exist between the demand and the supply.

The reaction in stocks seems to have spent its strength. The liquidation movement is about over. What stocks are offered are absorbed by buyers who seem to regard the time favourable for investing, as no doubt it is when securities are judiciously selected.

It is estimated that the recent decline in stocks represents a shrinkage in value of hundreds of millions. This statement must, however, be qualified by the consideration that, to an enormous extent the high point from which the decline occurred was a matter of estimated, or nominal value. The losses were not losses of actual, realized money, but of anticipation, of profits that were reckoned upon, in plain words, there had been a counting of chickens before they were hatched on a great scale.

The Russian loan is floated, and it is known that a large amount of it will be placed in London as a floating balance, which will tend to easier money rates. There will be a drain to San Francisco for some time, but, as fast as it is received it will be disbursed and the enormous outlays for fresh stocks of goods and building materials, furniture, etc., will distribute the funds provided for San Francisco in manufacturing and commercial centres.

The indications are clear for an irregular condition of monetary affairs, but not for long, as the exports are certain to be very heavy from now on for some months. The crop reports from the United States are more favourable than for several years. It is premature to rely upon appearances in the Northwest, but wheat is 4 inches above ground and it is remarkably even and healthy.

If the money market is left free from mischief makers, matters will soon show a material improvement as the signs point to clearer and settled weather in the financial sphere.

#### INSURANCE INSTITUTE OF MONTREAL.

The two prizes given by Mr. R. Wilson-Smith for competition in essay writing have been won by Messrs. H. W. Allan, Phoenix of Hartford, and G. A. Dunlop, Standard Life. The prizes will be presented at the annual meeting on Tuesday next.