

# The Chronicle

## Insurance & Finance.

R. WILSON-SMITH,  
Proprietor.

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### State Bank Inspection Futile.

The failure of so many banks in the United States, owing to the fraudulent practices of some official, usually the president, has called out a striking protest from the "Evening Post" against the "easy laxity permeating all State departments." Our New York contemporary says:

"The futility of the State bank examiners, as a safeguard against improper banking methods, has long been notorious; their vigilance has, if anything, grown more lax since the rise of a widespread movement of speculation rendered close supervision more necessary than ever before. Yet what one usually hears, when a rotten institution collapses, is explanation why it was flatly impossible for the Banking Department to discover the irregular practices."

There are now ten prisoners in the penitentiary of one American State who were bank presidents or cashiers, which demonstrates the futility of the State system of bank inspection to prevent improper and fraudulent banking methods being pursued. The Canadian banking record is a splendid contrast to that of the United States. The inspection system of the banks of Canada is "a safeguard against improper banking methods," and its vigilance and expertness do not grow lax, but increase when closer supervision is required.

### Diamond Cut Diamond.

In noticing the fire insurance business conducted by the New Zealand government the risks of which are re-insured by Lloyds, an intimation was given that this afforded an opening for trouble owing to the competition of the regular fire companies. This trouble has arisen. Owing to the reduction of rates caused by competition Lloyds have discovered that there is another aspect of fire business besides receiving premiums. They have met with such heavy losses as to have made their arrangements with the New Zealand

Government most unsatisfactory. The Government will have to assume all the risks and charge excess of outgo to public revenue account—if the people will submit to such an outrageous system.

### A Paying Investment.

The Clergy Mutual, says the "Review," has made rather a record show on a policy taken out in 1847 for £5,000, the life being then 37 years of age. Premiums were paid for £2,287 which were gradually reduced by the system which obtains with the Clergy Mutual and were extinguished in 1876. Additions have been made for over £9,000 since, and the amount paid was actually for £14,000. As a contemporary remarks, we cannot all guarantee to live for 50 years after taking out a policy, but this kind of thing is an inducement to try. Of course, the Clergy Mutual is one of the modest offices which does not go in for commission, or anything of that kind, and which rather limits its clientele. It makes a brave show anyway.

### Gold In The Ocean.

The American Consul, Nottingham, England, has busied himself with estimating the quantity of gold held in solution in the ocean, which he figures to be worth \$2,400,000,000,000, (2,400 millions of dollars). This estimate illustrates a confusion of ideas which is quite common. The gold alleged to be in the ocean is not "worth" one cent while in solution, much less millions of dollars. It will only begin to be "worth" something when it has been extracted from the water, and there is every certainty than the cost of extracting the metal will exceed the marketable value of the product. There is plenty of gold so placed as to be practically worthless, for the cost of mining and reducing it to bullion would so far exceed its value in the market that the ore has to be left as though it were merely ordinary stone.