reserves of the banks. This change should serve to increase the readiness of the banks to lend at call. Comment by financial interests on the recently announced plan of the United States Steel Corporation to establish a $20,000,000 branch plant in Canada is generally favorable. It is taken as an indication that the large investments of American industrial concerns in Canadian plants will continue. One paper says another very large branch plant of an American steel concern is being arranged for.

## DEARER MONEY.

Among the prophets who have taken in hand at this time the task of looking into Canada's prospects in 1913, there seems to be unanimous agreement that we shall be obliged during the coming year to pay more for our borrowed funds than we have become accustomed to paying during recent years. Lord Strathcona writes in the Toronto Globe:—"The demand for money is so large and so widespread in almost every country of the world, and such good terms are offered to those who have money to lend, that they look somewhat askance upon the 3½ and 4 p.c. investments which were formerly so much in favor."

Mr. Colmer, the secretary of the Canadian section of the London Chamber of Commerce, says there can be no doubt that Canada has been obtaining money for the last few years at relatively rather low rates, and that if she wishes to take advantage of the London market, she must follow the example of the Australian government, which is now issuing 4 p.c. securities at the same price at which it issued 3½ per cent. securities a few years ago. At home, the fact that investors are now insisting upon a larger return for their money is brought out by a compilation of the yields upon the shares of the leading banks. The average yield upon the stocks of twelve banks at the close of 1912 was 5.405 per cent. compared with 5.159 per cent. at the close of 1911, and 4.824 per cent. at the close of 1910.

For some years primary causes of the tendency towards higher interest yields which has been visible in many directions, have been the great rise both in the cost and the standard of living, and the enormous additional taxation placed upon capital in the lending countries. It is not to be expected, for instance, that an English investor who is now compelled to pay 28 cents (or higher) income tax in the pound sterling is going to be contented with the same return as he was when, as a few years ago, the tax was only 16 cents. To these long-standing causes have now to be added several additional and by their nature, temporary origins of dearer money, which intensify considerably the tendency at the present time. In the United Kingdom, trade, which has been booming along with some interruptions since 1909, is now in tremendous volume. In some quarters a high pressure trade period is expected shortly in the United States. Several of the younger and only partly developed countries besides Canada are whooping along at a great pace. On top of all these demands comes the necessity for repairing the financial ravages caused by recent European wars. Mr. Hirst, the editor of the London Economist, estimates that South Eastern Europe has lost some £40,000,000 sterling in the course of two months, and there is the heavy cost of extra preparations in Russia and Austria to add to this total, besides the expenses of the Italian-Turkish war. So that the money lenders have every reason to expect that a very satisfactory year's business is in front of them.

But there is in these facts no reason for agitation. The inherent attractions of the Canadian investment field are strong enough to continue to attract capital freely to this country. But it would be foolish to handicap ourselves in the competition for capital in the world's markets by refusing to offer what our competitors are offering. The solid advantages of an additional half or one per cent. yield on one security of two which are of equal merit will outweigh in the mind of the average investor on the other side a good deal of Imperial sentiment. Moreover, without any reckless mortgage of our future, Canadians can well afford to pay the rate of interest now demanded in the money markets of the world.

## THE METROPOLITAN BANK.

The sequence of recent reports showing increased earnings and large extensions of operations by the Canadian banks last year is continued in the newly-issued annual statement of the Metropolitan Bank, which appears on another page. The profits for the calendar year were $168,842, an excess of some $15,500 upon those of 1911, and equal to 16.88 p.c. upon the paid-up capital of $1,000,000 against 15.33 p.c. in 1911, and 14.68 p.c. in 1910. The balance forward from 1911 of $138,047 makes the total available $306,888. Of this amount the dividend at the rate of 10 p.c. per annum absorbs $100,000, $20,000 is written off bank premises, and a contribution of $5,000 is made to the officers' pension fund, leaving the handsomely increased balance of $181,888 to be carried forward. For the last two years the Bank has not made any contribution to rest out of profits, it already being in a strong portion in this connection, having previously accumulated a reserve of $1,250,000, equal to 125 p.c. of its paid-up capital of $1,000,000.

The following table summarises the leading balance sheet figures of 1912 in comparison with those of 1911:—

| | 1912. | 1911. |
|---|---|---|
| **Capital** | $1,000,000 | $1,000,000 |
| **Reserve** | 1,250,000 | 1,250,000 |
| **Circulation** | 1,026,542 | 945,802 |
| **Deposits** | 10,018,430 | 8,725,750 |
| **Liabilities to the public** | 11,315,121 | 9,671,553 |
| **Specie and Dom. Notes** | 1,338,726 | 1,219,998 |
| **Call loans** | 1,372,060 | 891,729 |
| **Quick Assets** | 5,182,029 | 4,382,437 |
| **Current Loans** | 8,177,810 | 7,364,734 |
| **Total Assets** | 13,772,009 | 12,084,644 |

Both the bank's operations and resources show considerable expansion over the previous year. Deposits are $1,250,000 higher than at the close of 1911; call loans are $500,000 higher than a year ago, and current loans $800,000 greater. The total assets have advanced by $1,700,000 to $13,772,009, of which sum $5,182,029 are quick assets.

The Metropolitan Bank, while among the smaller of the Canadian banking institutions, occupies a particularly strong position, and under the conservative and efficient management of Mr. W. D. Ross, it will doubtless continue to obtain its share in the banking expansion of Canada.