

# The Chronicle

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## THE GENERAL FINANCIAL SITUATION.

The greater part of the \$5,000,000 Transvaal gold arriving in London at the beginning of the week passed into the possession of the Bank of England. Bank rate in London is held unchanged at  $3\frac{1}{2}$  per cent. In the open market call money is quoted  $2\frac{1}{2}$  to  $2\frac{3}{4}$ ; short bills are 3 per cent.; and three months bills, 3 1-16. The Bank of France and the Imperial Bank of Germany quote  $3\frac{1}{2}$  and 5 p.c. respectively. In the Paris market discounts are  $3\frac{1}{8}$  and at Berlin they are  $3\frac{1}{4}$ . The tendency of the European markets is thus downwards.

At New York also no marked changes have occurred in the quoted rates. Call loans are  $2\frac{7}{8}$  p.c.; sixty day loans,  $3\frac{1}{4}$ ; ninety days,  $3\frac{1}{4}$  to  $3\frac{1}{2}$ ; and six months,  $3\frac{1}{2}$  to  $3\frac{3}{4}$ . According to the Saturday statement, the bank and trust companies, members of the New York clearing house, expanded loans \$580,000 and added \$1,220,000 to their stores of cash. As a result of these movements and of the increase of \$6,900,000 in deposits the excess cash reserve declined \$142,000. The showing of the banks taken by themselves was less favorable. Their loan expansion amounted to \$122,000, but the cash declined \$360,000; and consequently the surplus decreased \$1,166,250.

In the case of all members the excess cash reserve stands at \$19,677,000, and in the case of the banks alone, at \$17,425,000.

Apparently the financial markets this week have been affected by the controversy over wages carried on by the Eastern railroads and their engineers. The dispute in the hard coal mining industry has been virtually settled through the granting of a portion of the demands made by the union leaders. Probably the coal operators on this occasion as in the past will levy on the general public to make good, or more than make good, the increase in wages allowed by them. No doubt the railways also would have cheerfully acquiesced in the engineers' demands for more pay but for the fact that the Interstate Commerce Commission stands stubbornly in the way of their increasing freight rates. It is quite time the labor unions received a lesson that the public will not stand for continual increase of the price of life's necessities brought about by wage increases and to some extent by legislative shortening of hours of labor. During the week the outcome of the dispute between the railways and the engineers has been uncertain and the episode has caused hesitation in the markets. Also the financial community has felt compelled this week to give considerable attention to the political campaign, notably to the campaign in Massachusetts. Were it not for the serious injury done to the Republican prospects by ex-president Roosevelt's course of action, probably Wall Street would have been highly entertained by his vigorous speeches and his frantic accusations. Many now suppose that if the Democrats make a wise choice of a candidate they are reasonably assured of electing the next President of the United States.

In Canada money at the centres has shown a little tendency to ease off. It is said that call loans are now obtainable more freely at 5 per cent.; but no official reduction has been made in the rate. This state of affairs, however, is believed to be temporary. It is said to be due largely to the bringing in of \$5,000,000 New York funds for the purpose of retiring the Montreal Tramways debentures. While the present activity continues, it is not to be expected that money rates in the Dominion will show any material decline.

Attention has been centred largely on the matter of the bank mergers. Definite announcement that the Traders Bank directors have accepted the offer of purchase made by the Royal Bank seems to have caused some uneasiness in business circles over the concentrating tendency. Absorption or amalgamation in the banking world of Canada is something that can serve an exceedingly useful purpose. For example, when weakness develops in the system of any institution, it is desirable that the other banks in general should be perfectly at liberty to take over or absorb the crippled institution. And it is conceivable