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INDEX TO PRINCIPAL CONTENTS

	PAGE
The Length of the War—and After.....	1445
Settling the Foreign Exchange Problem.....	1447
Real Capital or Water.....	1449
What will Canada Get?.....	1451
New Life Company's Expenditure.....	1453
British Capital Abroad.....	1455
Educating the Public in Life Insurance.....	1457
Why an Application?.....	1459
Insurance as Trading with the Enemy.....	1461
Insurance Institute of Toronto.....	1463
War and Insurance.....	1465
Canadian Fire Record.....	1465
Bank and Traffic Returns.....	1467

SETTLING THE FOREIGN EXCHANGE PROBLEM.

Canadian financiers have been giving close attention this week to the conferences held at Washington between the representatives of the British Treasury and the Treasury officials and leading bankers of the United States. The foreign exchange situation here and in New York continue to be rather unsatisfactory. In Canada farmers, grain importers, and others are penalized by the heavy discount on New York funds, which arises largely because of the suspension of specie payments in New York. The dead-lock between England and the United States, as regards gold payments by the latter, is still to some extent in evidence; and it is believed that Sir George Paish and his colleague are making special efforts to induce the Americans to part with their gold more freely.

ENGLAND'S ENORMOUS CLAIMS AGAINST UNITED STATES.

It is stated that something over \$200,000,000 of claims against the United States are held by England, and in so far as such claims are not offset by British purchases of American securities and by American exports of merchandise, they are usually settled by

gold. At present there are practically no purchases of American securities by Europe; the cotton exports have fallen to a small fraction of the usual volume; and consequently a very large balance remains for which gold should be surrendered. It is to be hoped that our American neighbors can be induced for purposes of settling their debts to draw more freely upon the huge stores of gold lying in their treasury. If they do so there would be an immediate improvement in the quotations at Montreal and Toronto for New York funds.

A LESS GLOOMY WAR OUTLOOK.

The news from the seat of war this week has been of a character to dissipate the gloom caused by the fall of Antwerp. The Russians are demonstrating their ability to hold their own against the great masses of troops thrown against them by the Germans; the Allied forces in Belgium and France are apparently holding their lines and repulsing all the enemy's attacks; and lastly the naval encounter in which the four German torpedo destroyers were sent to the bottom has been taken as additional proof that the British Navy will continue to do the work expected of it.

RE-OPENING OF THE STOCK EXCHANGE.

The favorable development of the land campaign may be expected to lead shortly to the re-opening of the stock exchanges at London and New York. Indeed Mr. Basil B. Blackett, the representative of the English Treasury accompanying Sir George Paish, intimated in New York the other day, said that the London exchange is likely to resume trading by the fourth of November, when the moratorium expires, if not before that date. If London opens so shortly it is probable that New York will quickly follow suit; and perhaps it will be possible to recommence unrestricted trading at our own centres.

GRAIN MOVEMENTS.

It appears that notwithstanding the high prices ruling for grain, the movement to market does not compare with that recorded for the corresponding period of 1913. The Canadian Pacific in the first two weeks of October reported very heavy decreases in earnings. While this falling off is probably due to a certain extent to general trade reaction, there is no doubt that diminished grain deliveries have also been a contributory factor.

MONEY MARKET GAINING CONFIDENCE.

Money market conditions have not greatly changed; but it is to be noted that the passing of successive weeks without the happening of any great disaster to the Allied forces, has served to enable the financial interests here, in New York, in London and Paris, gradually to regain a measure of their wonted confidence. This slow and steady growth of confidence if unchecked must soon have the effect of improving monetary conditions.