

General Financial Situation.

EUROPE AND THE PASSING OF HARRIMAN.

**Recognition of his Genius as Organizer—Investors
Feared One-Man Power—Likelihood of more
Favourable Attitude towards American Rails
—Rise in Call Rate to 3 per cent. in New
York—Ample Supply of Money for
Canadian Crop-Moving.**

The passing of a full week since the death of Mr. E. H. Harriman gives the opportunity of observing satisfactorily how the European markets were affected by that event. So far as interest rates were concerned the effect may be described as practically nil. None of the great state banks made alteration in official discount rate. So they all remain as heretofore—the Bank of England at $2\frac{1}{2}$, the Bank of France at 3, and the Imperial Bank of Germany at $3\frac{1}{2}$. At all of the three great centres the rates prevailing in the open market have risen in the last few days. In London call money is $\frac{3}{4}$ to 1 p.c.; short bills are $1\frac{3}{8}$ to 1 7-16 p.c.; and three months bills, $1\frac{1}{2}$ to 1 9-16 p.c. At Paris the market rate is $1\frac{1}{2}$, and at Berlin it is $3\frac{1}{4}$. The figure for the German centre is markedly higher than a week ago.

It is possible that there will be some monetary institutions in Europe which will notice the loss of an important customer. The dead American financier was a large and active operator. He must have figured very extensively as a borrower, under different forms, in the European money centres. It is not to be supposed that the executors of his estate or the surviving members of his family will engage in similar operations or that they will undertake schemes, such as he was fond of undertaking, requiring large loans from banks and other institutions.

Europe's Attitude towards American Railroads.

Then it is very likely that Mr. Harriman's demise will exercise some little influence upon the attitude of European investors towards American shares and securities. And it is by no means certain that that influence will be of an unfavourable character. The dead magnate's ability as a railroad builder was freely acknowledged in Europe. Almost everybody there agrees that he perhaps had no equal in America, or in the world for that matter, in constructive genius; but an impression prevailed quite generally that he was for himself first and for the general body of his stockholders afterwards. Consequently there were not a few amongst the investing classes who feared to trust their money in the stocks of companies controlled by him notwithstanding that those companies gave evidence quite plainly of remarkable prosperity. It might be said that the same fear was operative on this side the ocean up to a couple of years ago. There is no doubt, that distrust of Harriman was one of the factors that helped to put Union Pacific down to 100 in the panic of 1907.

However, in America, this distrust had been gradually passing away. One of the episodes that had a considerable effect in winning public esteem and faith was the rescue of the Erie from bankruptcy.

In Europe it has been generally considered that Harriman was the personification of one-man ruler-

ship of American railways. Now that he is no more there will perhaps be more of a disposition to believe that the railways will be operated by executives acknowledging more fully that they are merely the trustees or representatives of the directorates and the general stockholding bodies. So the change may lead to a more confident investment by Europe in American securities.

Movement of Cash from New York.

Covering of short interests and sustained support by strong capitalist forces have kept New York stocks on the upward move, with some slight reactions. Even 3 per cent. call money has not checked the movement.

Interest rates in New York were noticeably affected by the position of the banks as revealed in the Saturday statement. There was a further heavy loss of cash to the interior amounting to \$11,300,000, and, as loans came down but \$4,370,000, the surplus fell \$7,081,000, leaving only \$3,166,100. Taking the trust companies and non-member state banks, their cash also decreased about half a million, and their percentage of reserve to liability fell from 18.0 to 17.3. Considering that the spring wheat harvest is merely begun it was but natural that the conditions pictured by these reports should have tended to drive interest rates upwards. Call loans were advanced on Tuesday to 3 per cent. rise, while 60 day money goes at $3\frac{3}{4}$ to 4; 90 day's 4 p.c.; and six months $4\frac{1}{2}$ p.c. Thus time money is dearer for all maturities.

In Canada the banks have not as yet made any move towards higher discount rates. Sir Edward Clouston's repeated statements, while on his western trip, that the supply of banking funds will this year be ample for crop moving and all other legitimate purposes, will raise the question whether there will be any higher rates put in force than those now prevailing, viz. 4 to $4\frac{1}{2}$ per cent. A good deal will depend on the course of the Wall Street loan market. If call money there goes to the 5 p.c. level it is altogether likely that Canadian borrowers on stock market collateral will also be required to pay at least $\frac{1}{2}$ or 1 p.c. more than they now do.

The prospectus of the Canada Cement Company—which is one of the consolidations making a demand upon the home supply of floating capital—appeared early this week. The public are asked to subscribe for \$1,800,000 of cumulative preference shares at 93. As \$3,200,000 of the same shares have been taken "firm," largely by inside interests, and as only 9 per cent. of the subscriptions are to accompany the applications and 21 per cent. payable on allotment, the lock-up of cash attending the flotation should not be very great. Roughly, there will be payable \$1,050,000 on October 15, and like amounts on November 15, and on December 15.

THE SUPERINTENDENT OF INSURANCE for the State of New York, in a ruling to the New York Life Insurance Company, holds in effect that a policy is not actually issued, so far as it effects section 96 of the insurance law, which limits the amount of new business a company may write, until the premium has actually been paid.