

Mahoney, Rodgers and Fudger supported the affirmative, and Messrs. Earle, Mitchell and Ferguson the negative. The judges, Messrs. Foster, McMaster and Robins decided for the affirmative. On the 26th March a debate took place on the resolution, "That life insurance offers a better field for advancement to young men than fire insurance." Messrs. McMaster and Perry spoke for the affirmative, and Messrs. Adamson and Rodgers the negative. The judges, Messrs. Laidlaw, Sanderson and Eastmure, decided that the affirmative side had produced the best arguments. This, we beg to say, is the proper function of judges on such occasions, and not to give a verdict for or against the proposition which has been debated.

Gifts of books pamphlets and periodicals to the Institute library are gratefully acknowledged. It is pointed out in the report that "the building up of a good technical insurance library is one of the chief objects of the Institute." We are pleased also to note that the library is being properly organized. The Institute Glee Club is commended for its excellent entertainments. The re-opening of life insurance classes was delayed "until a satisfactory plan could be devised of properly classifying and grouping students."

The architect and contractors of the "King Edward Hotel" are thanked for permitting an inspection to be made of that handsome structure by the members. The Toronto Institute now comprises 37 Fellows, 97 Active and 122 Associate Members, and owns assets valued at \$1,144.

While we are fully aware of the difficulty of organizing classes for the study of insurance, we would urge upon the council both of the Institute in Toronto and in this city, the vital importance of conducting educational work as part of their programme, and of securing a suite of rooms for the accommodation of the members. A homeless institution is not progressing towards permanency; neither is one which does not confer some benefit upon the members of more enduring nature than the privilege of hearing a few papers read each session. These institutes must engage the interest of the younger members, or their careers will be ephemeral and the record of their influence will be "writ in water." The enthusiasm of novelty soon evaporates, and with it the novelty itself, unless some roots have been planted that have in them the vitality needed for growth into a fruitful tree.

COMMERCIAL FAILURES in the States for 9 months of 1902 amounted to \$8,676 against \$8,083 in same term 1901. The liabilities this year were \$85,407,490, compared with \$81,500,800 last year. The increase is partly attributable to the strike.

AMERICAN FINANCIAL STATEMENTS.

A FINANCIAL FAMINE IN THE MIDST OF FINANCIAL PLENTY.

The extraordinary condition in which the money market in New York was between early in September last and up to last week draws unwonted attention to the various phases of finance in the United States. The situation may be briefly stated as follows: The deposits in the banks and trust companies are double their extent ten years ago; the circulation of the National banks has reached the highest total ever known; the Government has more gold in its Treasury than ever before in its history; the output of manufactured goods is greater than ever before; the excess of merchandise exports this year up to September was \$207,519,811, yet, amid all these indications and manifestations of national prosperity, of wealth accumulated and accumulating beyond precedent, there has been such a monetary famine in New York as to send money up to the almost incredible rate of 35 per cent. During September the average rate of call money was 14 per cent.

The chief cause of this advance in rates was the heavy demand for money in the Western States for gathering and moving the crops to market and meeting obligations entered into in anticipation of the proceeds of the harvest. By the banking system in vogue in the United States the banks in agricultural districts keep large balances in New York in reserve for contingencies of this nature. The legal powers they possess to enlarge their resources by increased note issues are only exercised to a very limited degree, because the right is hampered by such conditions as render it of little, indeed, to themselves, of no value as a source of profit. The National Banks can only issue notes to the amount of the Government Bonds in their possession. Thus, in order to secure an extra supply of notes they must purchase an equal amount of bonds, which operation is apt to be unprofitable. As the New York "Bankers' Magazine" for October graphically states it, their position is this: "The secretary of the Treasury says to the bankers, 'Order the notes printed, the Comptroller will hold them for you, and when the pinch comes send in bonds and get the circulation, then issue it and the market is relieved.'" This system creates a large but fictitious demand for bonds, so raises their price and indisposes the banks to buy what is essential to their increasing their note issues. Another point, which we have never seen stated is this: In order to purchase bonds for, say, \$100,000, a banker must raise money by decreasing his loans by that amount, he then gets his bonds, and, thereupon, issues extra notes for \$100,000. Now