

As regards exchange conditions, London bankers state that banks in the United States are now drawing heavily against their European balances to provide the many American visitors to Europe with spending money; and they also say that these drawings are so extensive as to serve to postpone the talked-of gold movement from London to New York. Thus it is the case, so far as international finance is concerned, that a considerable part of the proceeds of recent American borrowings in Europe is being expended in holidaying. Looking at the matter in this light alone, a pessimistic critic might conclude that trouble would be experienced at a later period when America is called upon to repay the principal of loans effected in Europe or to repurchase securities sold there. But on the other hand there are to be considered the growing crops of the North American continent. These will surely provide an immense amount of exchange to reinforce the American balances in Europe.

Although the market for New York funds in Montreal and Toronto is still weak, the gold movement this way has not been resumed except for an occasional shipment. Local money market conditions are not materially altered—the rate for call loans hitherto quoted,  $5\frac{1}{2}$  p.c., being still in force. There is not, however, any great pressure for funds; and were it not for the abnormal requirements of the coming fall it is quite likely that the market would be noticeably easier. As it is, the banks are following the policy of keeping their resources in hand as a means of preparing themselves for an extraordinarily heavy task. The latest reports from the Canadian West are to the effect that the crop is coming along satisfactorily, and a big yield is now looked upon as almost a certainty.

#### MR. GERALD H. RYAN KNIGHTED.

We have pleasure in announcing that included in the list of Coronation honours is the name of Mr. Gerald H. Ryan, general manager of the Phoenix Assurance Company, Limited, and president of the Institute of Actuaries, of Great Britain, who has been given the honour of knighthood. The insurance fraternity generally will, we are sure, appreciate this honour. Sir Gerald Ryan is well-known to Canadian insurance men, having paid frequent visits to the Dominion, the last occasion upon which he was in Montreal, being only a few weeks ago. His company, the Phoenix of London, as it is generally known, has the distinction of being the first British insurance company established in Canada, it having entered this field, more than a century ago, in 1804. It is represented in Canada by Messrs. R. MacD. Paterson and James Paterson, of Montreal, joint managers.

#### SOME REASONS WHY THE BANKS SHOULD INCREASE THEIR CAPITALS.

When Senator Cox was interviewed in Toronto the other day in reference to the report that a large new bank might be created as a result of the resignations of prominent financiers from the Canada Life board, he drew attention to the large margin now existing between the paid-up capital of the banks and their authorized capital and declared that in his opinion the increased need for banking facilities in the Dominion could be best supplied by the expansion of the existing banks. This view or opinion is general among the bankers; and most people outside the banks, who give intelligent and disinterested attention to financial matters, agree with it on the whole. However, notwithstanding this, it is desirable that the legal requirements for the creation of a new bank should not be made too stiff. The door should be left open for the admission of new banks in case the existing institutions began to combine or consolidate, or in case they entered into agreements which would have the effect of abolishing competition.

It is quite clear that we are on the eve of a great increase in the demand for credit and for banking facilities in general. Given favourable or even average weather conditions the wheat crop of the Western provinces will this year reach entirely unprecedented proportions. And it seems quite certain that hereafter a 200,000,000 bushel crop in the West is not to be regarded as merely an event for a particular year, but as a more or less regular occurrence. Then the rapid increase of population certainly tends towards a permanent increase in the business of the banks. So it appears to be incumbent upon the banking executives to take active steps in the direction of an enlargement of their capacity for financing the Dominion's industry and trade.

According to the May bank statement the amount of paid-up capital at the end of that month was \$100,892,791, and the authorized capital was \$156,266,666. The difference between the two—roughly \$56,000,000—represents the amount of new capital which the banks have authority or permission to issue when the various executives consider it advisable. But we may point out that there is always a considerable margin of this kind available. Some banks will largely increase their authorized capital and will not issue the new stock for several years afterwards. And, although there have been a few announcements of bank stock issues in the past year and a half, as yet they scarcely seem to be numerous enough or important enough to give assurance that the prospective heavy business of the fall and winter will be handled without a stringency.

We are aware that the bankers would rather have