

The Chronicle

Banking, Insurance and Finance

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BANKING EFFICIENCY.

Leading business men have lately been giving information to the daily press to the effect that the banks have been giving them credits sufficiently large to enable them to carry on their business to the best advantage, and that these credits have been granted at rates no higher than those charged in the past year or two. Some houses testify that they have had no trouble in getting larger advances than they ever had occasion to use before.

AN EFFICIENT BANKING MACHINE.

The testimony thus offered will go far to convince people that the legitimate needs of Canadian industry and trade are being properly cared for, and that the banking machinery is doing its work efficiently. Sometimes critics arise to inform the public that the Canadian banking system is a failure because it has been unable to save Canada from the discomforts of financial stringency. But it only needs a little thought to understand that such views are entirely erroneous. The banks cannot create capital, except to a very limited extent. Their function is to dis-

tribute the available supply. To blame the banks for scarcity of money is about as sensible as blaming the grain dealers for a crop shortage. It is satisfactory to note that it is becoming more generally recognized that the stringency has beneficial effects, that a short period in which Canadians practice a severer brand of economy and lean less on borrowed money will be for the good of the country.

The local markets have been more cheerful this week as a result of a brightening situation abroad. Dealings in active stocks increased and quotations rose substantially. There were no complaints from the brokers about money; and presumably it was to be had in reasonable amounts. Call loans are quoted as heretofore at 6 to 6½ per cent.; mercantile paper rules from 6 to 7.

EUROPEAN DEVELOPMENTS.

The Bank of England again secured most of the new gold offered in London—the shipments amounting to \$3,250,000. Bank rate stands at 4½. In the open market call money is quoted at 2¾ to 3 p.c.; short bills are 3¾ to 3⅞; and three months' bills, 3⅞ to 4. At Paris the private rate of discount is 3¾ and at Berlin it is 4⅝. Bank of France rate is 4 p.c.; that of the Imperial Bank of Germany, 6 p.c.

It now transpires that French bankers had been secretly aiding the Balkan States to quite a considerable extent prior to their falling out amongst themselves. This is said to be the reason for the extraordinary efforts made by the Bank of France to attract gold from New York. It will be remembered that a number of the recent shipments to Paris were unprofitable on the basis of the exchange situation then prevailing. One might suppose that the position of the bankers who financed Bulgaria and Servia is not exactly comfortable. Turkey's re-occupation of much of the conquered territory puts an entirely new complexion on the post-bellum financing. All the participants in the recent struggle being so close to bankruptcy it would seem to require much financial necromancy to save the parties who have been lending money to them from disastrous losses.

NEW YORK POSITION.

Call loans in New York are quoted at 2¼ p.c. Time money has been quiet: rates for sixty days, 3½ to 3¾ p.c.; ninety days, 4½ to 4¾ p.c.; six months, 5¾ to 6 p.c. Clearing house institutions in New York reported loss of reserve strength in their Saturday statement. Taking all members the loan expansion was \$2,800,000, the cash loss \$3,800,000, and the decrease in the surplus reserve, \$1,949,000. And in the case of the banks alone, there was loan contraction to the extent of \$4,000,000, accompanied by cash loss of \$5,900,000—the net result being a decrease of \$3,365,000 in the surplus. The surplus in case of all members stands at \$26,208,100 and in case of the banks alone, at \$22,823,750.