

The Chronicle

Banking Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

F. WILSON-SMITH,
Proprietor.ARTHUR H. ROWLAND,
Editor.**Office:**406-408 LAKE OF THE WOODS BUILDING,
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, \$3.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, NOVEMBER 27, 1914.**INDEX TO PRINCIPAL CONTENTS**

	PAGE
Tell-Tale Discounts.....	1585
Week's Financial Developments.....	1587
Bank of Montreal's Year.....	1589
October Bank Statement.....	1591
Loan Company's Broad-Minded Policy.....	1591
Trust and Loan Company of Canada.....	1593
Agent and the Moral Hazard.....	1593
Real Estate Holdings of Insurance Companies.....	1595
Small Profits of Fire Insurance.....	1595
Checking Lapses and Surrenders.....	1597
Metropolitan Life Mutualization.....	1599
Canada Life Officers' Association.....	1599
Weekly Pay Policy.....	1601
Bank and Traffic Returns.....	1605
Annual Statements:	
Trust and Loan Company of Canada.....	1607
Bank of Montreal.....	1609

THE WEEK'S FINANCIAL DEVELOPMENTS.

This week assurances have been received that the New York Stock Exchange will reopen on Saturday the 28th inst., for restricted dealings in listed bonds. The banking interests at New York are understood to have accorded their full approval, and the presumption is that they are ready to provide the necessary loans. Gradually the different parts of the financial mechanism are resuming activity. Within the last fortnight the Cotton Exchange resumed buying and selling; the other day the Chicago Stock Exchange reopened; and it is fully expected that the New York Exchange will before very long be the scene of buying and selling of stocks in a more or less active way.

RESTORATION OF FINANCIAL CONFIDENCE.

The inauguration of the new federal reserve banks has served, to a considerable extent, to restore financial confidence in America. One of the first results has been to enable the New York clearing house

banks to show a very large surplus of reserves over the legal requirements. Under the old law the banks were required to carry a 25 p.c. reserve against their liabilities; the new law stipulates for an 18 p.c. reserve. So taking the items of the bank statement as published on Saturday, the reserve of the banks amounted to \$176,830,450 in excess of the new requirement. The surplus shown at the end of the preceding week (on the old basis) was \$7,413,900.

NOT A CHANGE IN CONDITION.

In submitting this statement of affairs the clearing house committee took pains to state emphatically that this is not a change in condition but simply a result of the change in the law. They also impressed on the borrowing public that it is probable that the weekly bank statement will continue to show a very large surplus over what the law requires. The bankers in charge of the more important institutions are well aware of the impracticability of carrying on their business as it should be carried on with an 18 per cent. reserve. Some of them have to carry very large amounts of specie so as to be in position to meet obligations, etc., arising out of their exchange business and out of that in connection with correspondent banks. However, notwithstanding this attitude of the New York bankers it is probable that in due course this large surplus of reserve will influence them to some extent in the direction of increasing their loans and discounts.

DOMINION GOVERNMENT'S FINANCES.

It is said that the Canadian Minister of Finance, while on his trip to New York this week, expected to confer with the American financiers as to the possibilities of a Canadian loan in that city. In the annual statement of the Bank of Montreal, just published, is an item of \$5,000,000, "Loans to the Dominion Government"—showing that the Canadian banks have already begun to assist the Government with temporary loans. It will be desired to have these converted or funded as soon as practicable, so as to have the resources of the banks available for the needs of their commercial and industrial customers. Recent pronouncements of Secretary Bryan indicated that the Washington Government has modified its attitude in regard to loans to belligerent nations by the New York bankers; and there seem to be reasonable grounds for hoping that satisfactory arrangements may be completed. If a loan is floated in New York it would enable the Government to meet the monthly deficits arising from the decrease of revenue. So far as the expenditures for military purposes are concerned, they are covered by the arrangement with the Bank of England; but the London authorities were explicit in stating that the Bank of England loans must not be applied in any way for development purposes or for ordinary expenses. It was also stated that of the funds advanced by the Bank of England to the self-governing