

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.
 F. WILSON-SMITH, ARTHUR H. ROWLAND,
Proprietor. Editor.

Office:

406-408 LAKE OF THE WOODS BUILDING,
 10 ST. JOHN STREET, MONTREAL.

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

MONTREAL, FRIDAY, AUGUST 21, 1914.

INDEX TO PRINCIPAL CONTENTS

	PAGE
The Crisis and the Banks.....	1165
The War and Trade.....	1167
Canada and British Capital.....	1169
Steps to Meet the Financial Situation.....	1171
Modifying Backing of Dominion Notes.....	1173
Fighting the Tax-Gatherer.....	1175
Companies' Gain and Loss Exhibit.....	1177
American Insurance Funds to be Held.....	1169
Provincial Taxation of Banks.....	1183
Lloyd's Queer Contracts.....	1187
Depreciation in Industrial Companies' Assets.....	1189
Canadian Fire Record.....	1193

THE WAR AND TRADE.

Canadian Pacific earnings for the second week of August were \$2,162,000, as against \$2,630,000 in the same week last year. The decrease was \$468,000, or about 18 per cent.; it is larger than the decrease shown in any week of the last two months. Since July 1st the decreases have ranged from \$319,000 to \$462,000. It thus appears that the war has begun to affect the movement of freight but not as yet to a great extent. Reports from the West indicate that a few cars of the new wheat crop have already appeared at the inspection points, and the stuff so far inspected has graded well. The crop this year is understood to be light in parts of Alberta and Saskatchewan, and in certain districts the grain has been almost entirely destroyed by the drought; but it is believed that the total yield will be somewhere in the neighborhood of 170,000,000 bushels. This would be considerably less than last year's results and even if it be assumed that the grain moves freely to market in the coming fall, there would probably be a falling off in the amount carried by the railways as compared with the extraordinary figures of a year ago.

GENERAL TRAFFIC PROSPECT.

Then the war undoubtedly will cause some diminution of general traffic, apart from the grain movement. Industrial and other plants have been reducing their staffs of employees, curtailing their operations, and in a few cases a complete shut-down has occurred. This necessarily means a smaller freight movement and less activity in general business. In the meantime the bankers, shippers, naval authorities and the British and Canadian Governments have been busily engaged in perfecting arrangements for the big movement of foodstuffs which must proceed across the Atlantic in order that Britain and France shall get their necessary supplies. The movement of vessels from Montreal and Quebec, also from American ports, is becoming decidedly freer, and the outlook is for resumption of the export trade in large volume in the course of two or three weeks. Thanks to the promptness with which the British home fleet took up its position off the German coast in the North Sea, and the energy of the British and French cruisers in clearing the North Atlantic, there is said to be comparatively little danger now attending the dispatch of merchant vessels with produce or other merchandise to the ports of the mother country and those of her allies in Western Europe.

EXCHANGE POSITION MORE FAVORABLE.

Another favorable development is seen in the resumption this week by New York bankers of purchases of sterling exchange. On Monday, for the first time since the breakdown of the international credit system at the beginning of August, the National City and other banks began to buy commercial bills. War risks on cargoes, which had soared to 20 per cent., are now down to more reasonable figures. The War Risk Office of the British Government early in the week reduced its rate from 4 to 3 p.c.; and it is said that Lloyd's has lowered its rate to 2 p.c.

THE GOLD DEPOSITS AT OTTAWA.

The Bank of England's arrangement for the deposit of gold at Ottawa is working very satisfactorily. From New York large shipments have been received, and, although the news has not been published, we may be sure that the Canadian banks have been depositing gold with the Finance Minister as a means of meeting their maturing obligations in London. Notwithstanding the reported aversion of the Americans to parting with their gold in such critical times, the individual banking houses with acceptances outstanding in London have found the new plan of great service to them. The London bank, of course, holds securities to cover the acceptances on behalf of New York financiers. The latter, to preserve their credit and perhaps to retain the equity in the pledged securities, must have the funds in London when the acceptances mature. If no other means of