

## CASH IS STILL BEING HOARDED

### Anxiety Evident in Europe—Diminution Shown in Returns to Banks—Future Outlook.

The financial situation is affected, first, by the difficulty of raising capital, and, secondly, by the denudation of the banking reserves through the hoarding of cash, which makes banks indisposed to lend for short periods except on high interest, remarked Sir George Paish, in speaking in London of the condition of the European money market.

"The continuance of the Balkan war," he continued, "the uncertainty of the real relations between the great powers and the decisions of the governments of both Germany and France to make great additions to their standing armies, as well as to spend huge sums on additional fortifications, are keeping the people of Europe, and more particularly the people of the Continent, in a state of anxiety which is reflected in the desire of nearly everyone to refrain from enlisting new capital, and is inducing many, especially in France, Germany and Austria, to hoard large sums of cash.

"From one point of view the present position is not much worse than that in December, that is, the amount of cash now hoarded is not greater than the amount hoarded three months ago. But usually in the spring the cash returns to the great banks in a large volume. However, the amount returned this year in much smaller volume than usual.

"A very serious situation would long since have arisen but for the power of the banks of France, Germany and Austria to make practically unlimited issues of notes and the consequent ability of the bankers to supply the cash demanded by customers for hoarding and by borrowing from the state banks.

#### Money in Much Demand.

"Bankers dislike borrowing from the state banks. As far as possible they are curtailing loans to avoid it. How long this situation will last none is able to predict or forecast, but it is evident the greater the delay in restoring confidence to the European public, the greater will be the monetary stringency, as business in these days cannot be carried on without the free investment of public savings and without the steady expansion of bankers' loans.

"The times of greatest pressure on the Continent are felt at the end of each quarter, more especially in the quarters ending in March and September. The efforts of the Continental houses to borrow money wherever loans are obtainable and to import gold, are for the purpose of assisting customers to satisfy their need of capital at this time of greatest pressure.

"Money probably will be in very strong demand until the end of March, but in April some relaxation may be shown.

#### Financial Situation is Unpleasant.

"Everything depends on the international political situation. In my judgment the outstanding political problems are in the course of adjustment, and no fresh complications need be feared. Austria and Russia have come to an understanding. I do not believe that Austria will fight about the besieged city of Scutari, which the allies demand shall go to Montenegro. The European investing public, apart from those of England, will not find new capital until a complete settlement of the outstanding problems is effected.

"Whether or not the financial situation will become sufficiently serious to force the various governments to take more active steps to effect a final settlement of the outstanding questions, I cannot say. They are, however, beginning to realize that something must be done to restore confidence, and it is possible that settlement may be reached sooner than one is now able to anticipate.

"Germany's proposal to make what practically amounts to a forced loan of \$250,000,000 has, of course, added to the uneasy feeling among the investors of Germany. But it is nowise probable that this crude proposal will be modified.

"Briefly, the financial situation on the Continent of Europe is distinctly unpleasant, but its seriousness may itself cause the various governments to take steps for the essential adjustment and, of course, as the investigators are reassured and capital flows freely again to new enterprises and cash now hoarded is returned to the banks, the situation will immediately lose its danger."

## PROPOSED STATE INSURANCE FOR ILLINOIS

A bill introduced in the Illinois Legislature by Representative Seymour Stedman provides for state life insurance. The measure is modeled after the Wisconsin State Life Insurance Fund Act, and in some ways the bill parallels the provisions of the life insurance law of the state, especially as to premium calculation, valuation, premiums for annuities, and so on. The insurance superintendent and the state board of health, under the Act, are to pass upon all applications for insurance, and the policies to be issued are to be signed by the insurance superintendent and the state treasurer.

The bill provides that state factory inspectors, county clerks and treasurers, similar officials from towns, cities and villages and state banks, shall have authority to fill out and transmit applications for insurance, but there is no compensation for them to do this added work.

## WESTERN CANADA POWER COMPANY

### Will Issue Three-Year Notes—Financing Has Been Arranged in New York.

Short term notes will be used to finance the present requirements of the Western Canada Power Company. Arrangements have been made by Mr. C. H. Cahan, K.C., and a New York underwriting firm, by which about \$3,200,000 will be available to the company to pay for the development work necessitated by the recent agreement to supply 40,000 horse power to the British Columbia Electric Company.

The New York interests, having formed the Western Canada Public Utilities, Limited, will issue three-year notes against the second mortgage bonds and treasury stock of Western Canada Power, which will be turned over by the Canadian company.

The second mortgage bonds will be taken at 90 and the shares at 80.

#### As to Earnings.

The company's charter requires that the earnings shall be at least one and a half times the interest on outstanding bond issues, so that the increased earnings of Western Canada Power three years from now, for which the present development work is to provide, will allow of the present second mortgage bonds being raised to first ones. When this is done and the three-year notes have been taken up in that manner, the Western Canada Public Utilities, Limited, will cease to exist.

Before the expiration of the short term notes in 1916, the earnings of Western Canada Power by reason of the increased output of the company will be more than the present, and a new bond issue will then be possible.

#### Capital Stock and Bonds.

The company's capital stock is \$5,000,000, of which \$3,000,000 is outstanding. It has an authorized bond issue of \$4,000,000 first sinking fund gold five per cents. These bonds are secured by a first lien on the company's entire property.

The mortgage covers all present and future concessions, water rights, together with franchises and real and immovable property of every kind and wheresoever situate and also all shares and stocks in, and bonds, debentures and other securities of any other corporation, or company now or hereafter securities by it. Floating charge—all principal money, interest and other moneys for the time being owing on the security of these bonds, all its assets, for the time being, both present and future, of whatsoever kind and wheresoever situate, including its under-takings, tolls, rents, incomes, moneys, rights, powers and privileges.

#### Transmission of Power.

The Western Canada Power Company was incorporated on May 14, 1909, with a Dominion charter. On June 30, 1909, the company absorbed the Stave Lake Power Company, and owns two water power rights at Stave River Falls, B.C., about six miles north of the junction of the Stave and Fraser Rivers at Ruskin, B.C.

The company transmits power to Vancouver and New Westminster at 60,000 volts on steel tower lines. Delivery of power was begun in Vancouver, New Westminster, Mission and other points in the Lower Fraser Valley on January 1st, 1912. The franchise for light and power in Vancouver is for fifty years, for power in New Westminster is for fifty years, and long-time franchises for power have been granted in nearly all the municipalities in the Lower Fraser Valley.

## COST OF POOR ROADS

Mr. B. F. Yoakum, chairman of the St. Louis and San Francisco board of directors, emphasizes the cost to the farmer of poor roads. He said on his last trip to Texas: "During the year 1912 there were estimated to be 60,000,000 tons of farm and other business hauled over the Texas public wagon roads. The average haul was 12 miles.

"The average cost of hauling by wagon is approximately 21 cents for each ton moved one mile. The same tonnage hauled by railroad costs about one cent per ton for each mile. The difference in cost of handling the tonnage of Texas over the public roads and the railroads therefore is 20 cents per ton for each mile hauled. This carried out logically shows that each mile of wagon haul replaced by railroad transportation saves \$12,000,000 annually to the people of the state.

"The average haul over the wagon roads of Iowa is six miles. Therefore if Texas were as well supplied with railroads as the people of Iowa on an area basis and the average haul over the wagon roads in Texas were reduced from 12 miles to six miles, the annual saving to the people of the state would be \$72,000,000 a year. These things ought all to be taken into consideration in connection with the agricultural development of Texas, which represents 84 per cent. of the state's resources; that is, Texas is 84 per cent. an agricultural state.

"I would emphasize the importance of aiding the farmers of Texas in getting greater production and in developing better facilities for marketing their products. If anything the latter is more important."