

Insurance and Finance CHRONICLE.

OFFICE:
1724 Notre Dame Street.

MONTREAL, JULY 15, 1895.

SUBSCRIPTION:
\$2 00 per ANNUM

THE Insurance and Finance Chronicle.

Published on the 1st and 15th of each month

AT 1724 NOTRE DAME ST., MONTREAL.

R. WILSON SMITH, Proprietor.

Annual Subscription (In Advance) \$2.00
Prices for Advertisements on application

All Communications intended for THE CHRONICLE must be in hand not later than the 10th and 25th of the month to secure insertion.

Interest on
Gov't. Savings
Bank Deposits.

THE rate of interest allowed to depositors in the Government Savings Banks constitutes a very reasonable grievance on the part of the chartered banks, and their grievance may be fairly regarded as reciprocated by the mercantile community. The government by its savings banks is a competitor with the chartered banks for deposits. Were this competition controlled by the usual conditions which exist between competing merchants, nothing much could be said against it, unless it were draining away funds from the banks which the business needs of the country required. But this is not the case. The banks look for deposits to enable them to utilize these funds for loans, for advances to traders, to enable them to maintain their business enterprises. The Government on the other hand looks for deposits to supply the means for meeting expenditures in permanent public works—more or less needful—the funds for which are thus raised without the direct authority of Parliament. It is a sound, it is indeed an axiomatic financial principle, that money sunk in permanent works ought not to be borrowed on call, for the security being so locked up is wholly unavailable in case of need. Hence municipalities, to raise money for improvements and extensions of a permanent character, issue debentures repayable after a long term of years during the life of which an annual appropriation is made towards a sinking fund for their redemption at maturity. As the Government uses deposits for permanent works, it ought to secure all the needful funds by bond issues. Our credit is now so high, money is procurable at a lower rate than what is paid for deposits. It is therefore wasteful to be paying a higher rate for savings-bank money than what it could be got for in the open money

market. The extra amount paid to depositors is much of the nature of a free gift.—in plain English, it is a bribe to them to retain and enlarge their deposits in the Government banks. While this system is maintained it compels the chartered banks to pay a similar rate, in order that they also may retain and enlarge their deposits to meet the demands of current business, for although the rate on deposits is too high, now they are so plentiful, no bank cares to have its business disturbed by such withdrawals of these resources as would follow a reduction by it of the rate of interest. The old plea, that the Government is justified in paying a very liberal rate of interest, because it encourages thrift in the people, is now obsolete. All our banks now receive as small sums as the Government savings banks, and their branches are so numerous as to be convenient to the great bulk of the people. Any difference between chartered bank rates and those of the Government banks ought to be a lower rate in the latter, as, surely, the prestige of a Government should enable it to secure all the deposits it can legitimately require.

Garland's
Banking
Directory.

MR. N. S. GARLAND, Clerk of Statistics, Finance Department, Ottawa, has just published a work entitled "Banks, Bankers and Banking, and Financial Directory of Canada." The work is very well printed in clear type, and is handsomely got up. The contents are very comprehensive, including a copy of all the Acts relating to the banks of Canada, to its currency, bills of exchange—indeed, all matters of a banking nature. A list is given of all the banks in the Dominion, with the names of their presidents and directors, also of the general managers and other prominent officials, at the head-offices and branches, including all bank solicitors. The list comprises also the private bankers, and loan and mortgage companies. Stock quotations of lowest and highest each year 1871 to 1893 on Montreal and Toronto Exchange are given, also an Exchange table, one showing kind and value of foreign currencies, another is a date table giving interval between any two dates. The work includes also the commercial laws of the several Provinces. This will be sufficient to give an idea of the wide range of this compilation, which we regard as one of extreme value to bankers, insurance