

DEPRESSED STOCK AND MONEY MARKETS.

Review of the International Situation—Opinions of the Bank of England's Gold Reserves.

"The events of this autumn have amply proved that a sudden change in the money market of any great financial centre may bring about demands on our stock of gold which render such precautionary measures necessary as really hinder our commerce."

Thus Sir Felix Schuster, the well-known financial authority, at a meeting of the London Institute of Bankers. "These demands," he continued, "expressed in figures which appear large, are really not so large when you consider the whole volume of our trade, and we ought to be able, if necessary, to spare £5,000,000 or £10,000,000 without having to resort to a 7 per cent. bank rate and fears of even higher rates. It is true that a situation such as this has not arisen for a great number of years, and once over is not likely to arise again very soon. Yet let it be remembered that it has arisen at a time when the political horizon was clear. Had it not been so, the effect would have been much more serious, and with the increasing volume of trade, with the great number of countries that are now on a gold basis, with the hoarding which Lord Cromer told us recently is going on in Egypt, and which, we know, is also going on in India to a large extent, temporary demands on our stock of gold are only too likely to occur again. The production of gold is also increasing, but the inflow and the outflow cannot always be simultaneous and equal in quantity."

Speaking of the commercial outlook, he thought that indications pointed rather to restriction than expansion, not only in Britain, but all over the world. "A period of extraordinary activity is invariably followed by a reaction, and signs are not wanting that such a reaction is at hand. It is apparent that the development of trade has proceeded at somewhat too rapid a pace, and that available capital has not been adequate to meet the demands made simultaneously from so many quarters. I refer especially to railway construction and improvement, and electrical undertakings in

various parts of the world, which have brought about great expansion in most of the leading industrial establishments, involving great demands on the money market, and this applies particularly to the United States and Germany."

Regarding the American crisis, he considered it arose out of over-confidence brought about by an abnormally prosperous state of affairs.

"Our friends on the other side of the Atlantic have an unbounded belief in the future of their country, a belief which its natural resources fully justify. They have also a way of discounting the future somewhat too rapidly. Legitimate enterprise is followed by speculation, and speculation based on credit. Vast undertakings are embarked upon in the expectation that cash in any quantity is always at hand and lenders willing to provide it; and then suddenly it is discovered that the strain has become too great.

"It is only fair to our fellow-bankers in the United States to say that many of them have for some time past pointed out the imperfections of their banking system and advocated reforms. But they have not been listened to, and it is only now after much distress has been caused that public attention is directed to the problem what steps can be taken to provide a remedy and to supply that currency which the increasing volume of trade and rapidly growing population demand.

"Nor must the blame be put altogether on the banking system of the United States, capable as that certainly is of improvement. A great many trust companies have carried on what really is banking business proper, apparently, however, without the necessary safeguards and precautions; but, speaking generally, it seems to me that it is over-trading and dependence upon credit that has brought about a situation which could not be sound and a structure which was bound to collapse, whatever the banking system might be. Credit, which is so essential to the carrying on of modern commerce, is a sensitive organism, which must be carefully guarded from overstrain; and we bankers on both sides of the Atlantic will do well to bear in mind that the too easy granting of credit to institutions and firms without sufficient working resources of their own is not rendering those institutions a good service."

PERSONAL NOTES.

Mr. H. S. Holt has signified his intention of retiring from the directorate of the Detroit United Railway, and will resign at the annual meeting on February 3rd.

Mr. John Pickering, of Pickering & Walker, Winnipeg, manager of the Queen Insurance Co. of America, was in Regina recently in connection with the company's business.

Mr. W. D. Paxton has been appointed agent of the New Toronto branch of the Farmers' Bank. Mr. S. R. Smart has been appointed agent at Milton, Ont., having been transferred from the Williamton agency, near Montreal. Mr. Smart was with the Molsons Bank for 12 years.

FORT WILLIAM'S CHEAP POWER.

The cheap power obtainable at Fort William, and the suitable location for manufactories, have induced what may become one of the largest car manufacturing companies in Canada, the Fort William Car Company, Ltd., to locate here. The financial end of the undertaking has been entrusted to Mr. C. E. W. Smith, of the Carnegie Trust Company, of New York, and it is understood that over a million dollars of the company's bond issue has already been underwritten by a foreign syndicate. Mr. A. H. Sisson, formerly general manager of the St. Louis works, has been appointed general manager of the new company, and associated with him will be Mr. R. W. Morrison, of the same concern.

Messrs. Baillie, Wood & Croft, the well-known Toronto stock brokers, have issued an excellent table showing the capitalization, earning power, and quotation record of active Canadian securities.

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