

2¼ p.c.; ninety days, 3 p.c.; and six months, 3½ to 3¾.

The clearing house institutions at New York reported another decrease of surplus reserve. In the case of all members the loans increased \$6,700,000 and the cash holdings decreased \$2,900,000—the net result being a drop in surplus reserve from \$37,970,000 to \$34,614,000, a matter of \$3,356,000. In the case of the banks alone the cash loss was \$3,900,000 and the loan contraction amounted to \$2,133,000. The surplus here dropped \$2,381,000. Like the London and Paris markets, Wall Street has declined to take the Benton episode as a serious market factor. Of course, if it led to intervention it would have an important bearing on the monetary situation at New York and perhaps on the Wall Street market for securities. The prevailing opinion seems to be that intervention would be a bull point on stocks.

#### RAILWAY DEVELOPMENTS.

Statements of railway net earnings for December just published by the Interstate Commerce Commission, were rather unfavorable. Eastern and Western lines combined had a decrease of net exceeding \$14,700,000 for the month of December. And with reference to conditions presently prevailing the Pennsylvania Railroad announced the discontinuance of fourteen passenger trains because of light traffic. Also one or two of the Eastern lines, coming forward with reports of January net, had not a very good story to tell. On the other hand there have been some favorable developments. The fortnightly return of idle cars shows a further decrease, indicating that the railways are being called on for increased facilities; and the heads of the Union Pacific and another Western line came forward with optimistic deliverances as to the business prospects in their territory.

#### NORTH BRITISH & MERCANTILE INSURANCE COMPANY.

Mr. Randall Davidson, manager for Canada of the North British & Mercantile, informs us that his company will commence active operations in the Life Department next April throughout the Dominion. With this object in view the directors at the Head Office, have secured the services of an experienced Life Underwriter at present filling an important position in Edinburgh, Scotland, who will shortly come to Canada to take up his duties with the Company's life department here.

From the statement before us for 1912, it appears that the income of the North British life branch from premiums and interest then amounted to \$8,512,110, while the life assurance fund aggregated \$68,267,895.

Such an ably conducted organisation as the North British and Mercantile with large resources, will be a welcome addition in the life insurance field of Canada, among the other many strong institutions both home and foreign already here.

#### BANKING PROFITS IN CANADA (III).

The tables presented in this issue of THE CHRONICLE give a comprehensive view of the banking operations over a period of nine years. Before proceeding to discuss the tendencies which are revealed, it is necessary to explain, as in previous years, why in some cases the profits shown in the upper table do not correspond with the figures given in the lower table. As the first table is intended to show the earning power of capital invested in banking, it is necessary to exclude from it such items as the \$200,000 "recoveries" reported by the Bank of Toronto in 1913, the \$500,000 "recoveries" reported by the Commerce in 1911, and the readjustment of Premises Account by the Bank of Montreal in 1911. These items, however, must be taken into the second table in order to make it balance.

It is necessary also to remember that absorption of banks and failures in past years, affect the totals brought forward from one year into the next.

#### DECREASE IN PROFITS RATIO.

With reference to the amount of funds at the disposal of the banks it is seen that they had an average of \$120,000,000 more to work with in 1913 than in 1912; but the 1913 profits exceeded the 1912 profits by \$710,000 only. This increase represented a little more than ½ of one p.c. on the increase of funds. The ratio of net profits to average capital, is 0.60 per cent. lower than in 1912, and 0.22 per cent. lower than in 1911. It is still, however, well above the results obtained in 1910, and preceding year. A moment's reflection will show that this ratio should tend upwards as a result of the reservation of stockholders' profits from year to year.

The next ratio—profits to average capital and rest—represents what the whole body of the proprietors' funds earns from year to year. This also is below the percentage of 1912 and 1911; and it is exactly equal to the percentage of 1907. In the nine years the ratio fluctuated between 7.50 p.c. and 8.84 p.c.

#### SERVICES AT REDUCED PRICES.

Coming to the ratio of profits to average total resources, we note that it has definitely resumed the downward swing. This expresses, to a limited extent, the charges levied by the banks on the whole volume of their business; or to put it more exactly it represents the final profit made by the banks on the whole amount of funds in their possession. The ratio was as high as 1.47 p.c. in 1907. Since then, regardless of tight money periods, it has declined in every year with the exception of 1911. This speaks eloquently of services performed for the public at reduced prices.

In considering the ratio it is necessary to remember, too, that a sharp fall in 1914 is among the possibilities.

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