

ing as a result of the unavoidable needs of corporations and of various public treasuries. Again, a genuine bull stock market, with the public really interested, normally means that business conditions are improving, perhaps very radically, so that funds which would otherwise be available for bond investments are required for business uses.

As it happens, however, the two conditions mentioned as prejudicial to a vigorous bond market, are not present at this time. There is, says the Transcript, somewhat less activity in the States than a few months ago; there is a general disposition in the mercantile community to go a little slowly, pending the out-turn of the crops and a clearer political horizon and the tendency of the banks is to restrict time loans rather severely until assured that the crop-moving season is not to bring with it financial stringency. All of these things contribute toward one general result—an increasing supply of loanable funds. The condition is plainly shown by the continually mounting reserves of the New York banks during recent weeks despite the beginning of the crop movement, and by abnormally low rates for call money in comparison with the somewhat artificial firmness of the time money market. Such a condition should have another phase in a growing volume of investment funds; in other words, a better bond market, or at least the basis for a better market. The funds appear to be available, at least in very respectable amount; the question then comes, says the Transcript, first, what is the disposition of those who might buy bonds; and further, assuming this disposition to be favorable, will it last?

This brings under consideration a further point, the difference between the highest grade bonds—municipals and the first mortgage bonds of the leading railroads—and bonds which are not strictly high grade in point of security. Bonds of the latter kind are radically affected in price by business conditions governing the earnings of the properties they represent, and by the market price of the stocks, constituting the equities in the same properties above bonded debts. It follows that they are also affected, as stocks are, by political conditions and by legislation or litigation affecting corporations. It is only bonds which are so impregnably protected as to security that nothing need disturb their holders which are likely to decline at times of booming stock markets and general trade, their value depending almost purely on the state of the money market. Following this suggestion, it becomes evident, in the opinion of the Transcript that at the present time many possible investors in bonds may be waiting for a more definite line as to the outlook in business and in stocks before deciding whether to put their money into strictly high-grade bonds or into the lower grade and more speculative issues.

There is a very large class of bond buyers to whom this does not apply, namely, the institutional buyers. These include such very important customers of the bond dealers as savings banks and trust companies and insurance companies, as well as other institutions, and in practically the same category come the trustees of various funds. These buyers form an important reliance of the bond

houses, even in periods of the dullest markets, for they are rather narrowly restricted in their choice of investments and have constantly accruing funds for which investments must be found. Any increased buying from this source, however, would be a favorable indication from the stock market point of view if it meant that the people were having more money to deposit in savings banks or to pay in insurance premiums. This, in turn, would mean better business conditions. But with this exception and perhaps with some allowance also for the tendency of the lower-grade bonds to move up and down coincidentally with the stock market, there is anything but certainty, concludes the Transcript, that a more active bond market ahead would mean rising stock market values. It might mean quite the reverse, as it did in 1904.

ROYAL EXCHANGE ASSURANCE CORPORATION.

In THE CHRONICLE of July 8, we announced that the Royal Exchange Assurance Corporation had arranged to transact fire business in Canada and had appointed Mr. Arthur Barry as Canadian Manager. Mr. Barry visited the Home Office in London and has just returned. He states that he hopes to have arrangements completed which will enable the Corporation to commence business in Canada about October 1st. The Head Office for Canada will be at Montreal. The Royal Exchange has acquired by purchase the building situated at the corner of St. Francois Xavier and Hospital streets, just opposite the G. N. W. Telegraph Company's building. The Corporation will have the building renovated under the supervision of Messrs. MacVicar & Heriot, architects.

THE EXPENSES OF FRATERNAL SOCIETIES.

Insurance Commissioner Hartigan, of Minnesota, was one of the speakers at the National Fraternal Congress, which held its annual meeting at Detroit last week. His subject was the expenses of fraternal societies, and some figures which he gave concerning fraternal expenses are suggestive, and worthy of record in view of recent happenings in connection with these organizations.

Total expenses, said Commissioner Hartigan, must increase with size, but the ratio of expense to income should steadily decrease. But in the case of the fraternal societies this ratio has increased and in a surprising degree. In the year 1893, 39 fraternal organizations reported to the New York Insurance Department. Their receipts were \$22,778,763 and their disbursements for expenses \$1,224,247 or 5.37 p.c. of the receipts. In 1908, fifteen years later, seventy societies reporting to the same department had total receipts of \$73,438,636 and expenses of \$7,867,999 or 10.66 p.c. of the receipts. Thus while the business was three and a quarter times larger the expenses were seven times greater; in other words, the expenses had increased twice as fast as the business. In 1908 there was paid to organizers alone by these fraternal societies \$1,514,560,