

THE BANK OF ENGLAND AND THE MONEY MARKET.

Being the Eighth of a Series of Articles on Various Phases of the Working Methods and World Influence of the Old Lady of Threadneedle Street.

At one time the Bank of England was more visibly than to-day the outstanding factor of the money market. But while its influence at the present time is not so directly seen, it is no less actually felt—hidden though it may be by more immediately perceived but, in a sense, secondary agencies. While under present conditions it is only at certain times that the Bank's funds find their way into the money market to any large extent, this circumstance does not alter the fact of predominating influence. The Bank holds the final reserve of the country's banking system, and is in a sense its arbiter.

A practical instance of the control that may be exercised on occasions occurred a few weeks ago when on August 14, the Bank raised its rate from 4 p.c. to 4½ p.c.—the object being, as well known, to prevent a repetition of last autumn's drain of gold by the United States. Just how this action would tend to the end desired will be touched upon in more detail at another time. Suffice it to remark now, that the tendency of such an advance by the Bank of England is to raise the rate at which money in the London market generally is lent and borrowed. If, however, the outside market does not seem sufficiently influenced, the Bank may supplement its action by itself borrowing large sums from the market, the effect being to reduce the available money supply, to the consequent enhancement of its lending value.

Before its factors are severally considered, the money market itself should receive some word of general explanation. Though possessing a name it is without a "local habitation," in the sense in which various Stock Exchanges house the world's stock markets, or in which the one-time Gold Exchange of New York—a money market of a more particular sort—formed the scene of lively speculation during the post-bellum discontinuance of specie payments. "When we speak of the money market," to quote a London financial writer, "we refer to the body or aggregation of large dealers in money—bankers, bill-brokers, etc.—who either have money to lend or who require to borrow money, and by whom the rate to be charged for the use of money is largely settled, as a result of their mutual transactions." It is to be borne in mind, too, that this body of money-dealers is not subject to a hard-and-fast division into the two classes of lenders and borrowers, as a cattle market is into those of sellers and buyers. Money dealers practically are both buyers and sellers, that is, "all are ready to sell the use of money at a certain price, and to buy the use of money at another price."

FIRE INSURANCE IN CANADA FOR 1906.

Also Premiums Received and Losses Paid from 1869 to 1906 Inclusive.

From the Superintendent of Insurance there have come to hand fuller details than were contained in the preliminary Abstract of Statements from Fire and Marine Insurance companies. The Superintendent's recent report to the Minister of Finance mentions that during the year 1906 the business of fire insurance in Canada was carried on by 43 companies; of these 15 were Canadian, 17 British and 11 American.

Regarding fire premiums and losses the report shows that the cash received for premiums during the year in Canada amounted to \$14,687,063, being greater than that received in 1905 by \$402,202; and that the amount paid for losses was \$6,584,291, which is greater than that paid in 1905 by \$583,772. The ratio of losses paid to premiums received is shown in the following table:—

FIRE LOSSES PAID TO PREMIUMS RECEIVED.

	Paid for Losses.	Received for Premiums.	Rate of per cent. of Premiums received.	The 1905.
Canadian companies..	\$ 1,602,131	\$ 3,179,319	50.39	46.42
British " "	3,829,244	8,601,374	44.52	42.35
American " "	1,152,916	2,907,270	39.66	35.95
Total.....	6,584,291	14,687,963	44.83	42.00

The corresponding results for the thirty-eight years over which records extend, are given below:—

	Premiums received.	Losses paid.	Rate of Losses paid per cent. of Premiums received.
	\$	\$	
1869.....	1,785,539	1,027,720	57.56
1870.....	1,916,779	1,624,837	84.77
1871.....	2,321,716	1,549,199	66.73
1872.....	2,628,710	1,909,975	72.66
1873.....	2,968,416	1,682,184	56.67
1874.....	3,522,303	1,926,159	54.68
1875.....	3,591,764	2,563,531	71.31
1876.....	3,708,006	2,867,295	77.33
1877.....	3,764,005	8,490,919	225.58
1878.....	3,368,430	1,822,674	54.11
1879.....	3,227,488	2,145,198	66.47
1880.....	3,479,577	1,666,578	47.90
1881.....	3,827,116	3,169,824	82.83
1882.....	4,229,706	2,664,986	63.01
1883.....	4,624,741	2,920,228	63.14
1884.....	4,980,128	3,245,323	65.16
1885.....	4,852,460	2,679,287	55.22
1886.....	4,932,335	3,301,388	66.93
1887.....	5,244,502	3,403,514	64.90
1888.....	5,437,263	3,073,822	56.53
1889.....	5,688,016	2,875,211	51.47
1890.....	5,836,071	3,266,567	55.97
1891.....	6,168,716	3,905,697	63.31
1892.....	6,512,327	4,377,270	67.22
1893.....	6,793,595	5,052,690	74.37
1894.....	6,711,369	4,589,363	68.38
1895.....	6,943,382	4,993,750	71.92
1896.....	7,075,850	4,173,501	58.98
1897.....	7,157,661	4,701,833	65.69
1898.....	7,350,131	4,784,487	65.09
1899.....	7,910,492	5,182,038	65.51
1900.....	8,331,948	7,774,293	93.31
1901.....	9,650,348	6,774,956	70.20
1902.....	10,577,084	4,152,289	39.26
1903.....	11,384,762	5,870,716	51.57
1904.....	13,169,882	14,099,534	107.06
1905.....	14,285,671	6,000,519	42.00
1906.....	14,687,963	6,584,291	44.83
Totals.....	230,549,252	152,894,646	66.32