

posed by law as to the proportion of deposits to paid-up capital. Net profits were earned in the past twelve months amounting to \$75,704, of which two 5 per cent. dividends absorbed \$58,556; the sum of \$16,000 was added to the reserve fund, and the remainder placed to contingent account. It appears, therefore, that the Society is maintaining that steady and sure rate of progress which have marked its operations for the eleven years of its existence. It is in the hands of careful and competent men—Hon. G. W. Allan, and Mr. W. S. Lee, President and Secretary,—and commands a large measure of public confidence. The lamented decease of the Vice-President, Mr. John Worthington is noticed in the report. The vacancy thus created has been filled by the election of Mr. George Gooderham, a gentleman who has a large stake in the Institution, and is otherwise well qualified for the post.

THE BANK OF ENGLAND RATE OF DISCOUNT.

The Bank rate has fallen as rapidly as it rose, and money is now to be had in London on first-class bills as low as three and a half per cent. There was, however, during the period when money was high a significant announcement as to the rate of interest for *loans* which reveals a difference that the majority of people do not recognize at all. The Bank rate is generally supposed to be the rate at which anybody in England at the time can borrow money on reasonably fair security. This is a mistake. The quoted rate is simply the lowest rate at which first-class bills of not longer than two or three months can be turned into money. If we want to know what sort of bills these are we should find them to consist largely of such bankers bills of exchange as our merchants make remittances in, to pay for imports. Bills are drawn on London bankers or capitalists from all parts of the world, and when accepted are almost invariably discounted. Such bills are drawn, say, by a banker in Canada, accepted by a bank in London, endorsed first by a merchant in Montreal and finally by a merchant in Glasgow or Manchester. These are the bills which the Bank discounts at its minimum rate. They are nearly all made payable at sixty days, and they are fortified by such a series of names that they are as sound and safe as the Bank itself. The enormous difference between such bills as these and those offered for discount to our banks will be appreciated at once; and speaking broadly, it may be said, that were such bills offered to the Bank of England as are discounted

in Canada they would be charged such an enhanced rate as would make the English rate fully up to the Canadian. And as a proof there are some transactions offered to the Bank of England, analogous to those offered to our bankers here, such as advances on stocks, on warehouse receipts, on collaterals of various kinds. But such advances are never confounded with the discount of first-class bills. They pass by a different name altogether. They are entered in other books and are dealt with on an entirely different basis, and they are charged a different rate—sometimes one per cent. above the standard, sometimes two or three, according to the quality of the transaction.

Here, our banks have got into a habit for years of confounding and mixing together the two descriptions of business. A trader who wants an advance on security of grain, on timber, or on guarantee of an endorser—or sometimes without any security at all, will call the transaction obtaining a discount. This is an entire misnomer. It is a *loan* or an *advance*—not a discount; and when a banker applying to the transaction proper business principles charges a higher rate of interest than what is current for first-class commercial paper, he is apt to be blamed and possibly reminded that the Bank of England rate is so and so. Now the Bank of England rate for this class of transactions is *not* what the papers quote, but something higher. Let this be borne in mind in banking transactions and a good deal of the complaints that are made respecting different rates of discount or interest will disappear. The fair and proper principle is well understood in London, viz., to graduate the charge according to the time, the security, or the number of names on the paper; and when understood similarly here, some complaints that are common now will disappear.

BUILDING AND LOAN ASSOCIATION.

The report shows that the past year's operations yielded a very satisfactory profit; so that the directors felt justified in raising the dividend to the annual rate of 9 per cent. New stock was issued to the amount of \$100,000 to the shareholders. Doubtless the Association has a prosperous future before it.

AGRICULTURAL OF WATERTOWN.—The position of this Company has been examined into by the Superintendent of the New York Insurance Department. The re-insurance liability was found to be \$650,000, according to the rules adopted for the guidance of the department. This

left the Company's position impaired. On the 22nd January a meeting of stockholders was held, when \$100,000 additional cash was paid in—a sum in excess of the amount required. The annual statement promised last week appears in another column.

CITIZENS INSURANCE COMPANY.—At the annual meeting of this Company on Monday last a very full report was presented, showing the position of the various departments much more clearly than in any previous statement. We have not yet analyzed the figures presented; but from a hasty glance they appear to show an improved position of affairs, in the fire department at least. We shall take this opportunity to add in answer to various inquirers that the Directors of this Company have wisely determined to abandon the libel suit against THE MONETARY TIMES, paying all costs. This fact along with making the deposit of \$50,000 with the Department of Finance, and the publicity given to their affairs in the present report are most satisfactory indications of a "new departure" on which we may be allowed to congratulate the management.

MONEY.—The ease in money for legitimate business purposes continues, although there is less available for stock operations. Stocks are maintained at the advanced rates lately reached, with a fair business doing. Gold drafts bring par on the street; two banks have been large sellers in order to bring funds to this side of the lines. Sovereigns are now worth \$4.86 to 4.88 in New York, but are little wanted. A moderate importation would doubtless glut the market.

INCORPORATION OF PUBLIC COMPANIES.—Atty-Gen. Mowat has brought a bill before the Local Legislature providing for the organization of public companies, other than railway and insurance companies. The existing Act relates only to trading companies; the object therefore, is to admit joint-stock companies with limited liability to be incorporated without special application to Parliament, for all purposes or objects to which the legislative authority of Ontario extends. This Act will save the expense and loss of time attendant upon a good deal of needless legislation.

Meetings.

BUILDING AND LOAN ASSOCIATION.

The fourth Annual General Meeting of this Association was held on 3rd inst. pursuant to notice, at the office of the Association, 34 King St., East, and was numerously attended.

The president Dr. Larratt W. Smith took the chair, and read the Annual report, which, with the financial statement is here appended. The retiring Directors were re-elected by acclamation, and at a subsequent meeting of the Board, Dr. Larratt W. Smith was appointed President, and Joseph H. Mead, Esq., Vice-President, and Messrs. W. R. Orr and James Watson, Auditors for the ensuing year.