

one. Some English authorities believe that the United States buyers, having gauged the situation and come to the conclusion that wool prices were bound to go even higher, were actuated by a desire to force them speculatively and then re-ship the wool back to Bradford. This forecast, however, is hardly borne out by the experience at recent London wool sales.

All this goes to show what a strong property wool is likely to be during the next few months, not only across the line and in England, but in Canada, and how unlikely it is that there will be any radical decline in the prices of materials in this country made from wool.

Almost equally strong is the position of cotton goods. The last crop report—if such reports are to be trusted at all—points to a deterioration of prospects for the current crop, but even apart from this consideration, it seems to be a proven fact that even if the raw material were to drop several points, it would not make any real difference to the position of finished goods, which are considerably lower already than they should be. All tendencies are towards a still higher market. It should be remembered that the war and the pending peace proposals have an important bearing on the cotton market. Should China become further involved, it may result in a falling off of the demand from that quarter, which, however, would be more or less counterbalanced by the probable closing of several Lancashire mills.

Wholesalers in Toronto and Montreal still report fairly brisk demand for textiles, bearing in mind that the dog days of August are never very busy ones for their trade. They express themselves, however, as a general rule, as being well satisfied with the total business done this season. The demand from the North-West has been somewhat disappointing, due, perhaps, not only to the tying up of funds in real estate, but to the fact that optimistic merchants there last year put in stocks that were over-large for their requirements. Greater care will most likely this year be exercised in the filling of orders, and in some cases they are likely to be perceptibly cut down in the filling.

LIFE INSURANCE INVESTMENTS.

Since the disclosures were made concerning some life insurance methods all sorts of plans have naturally enough been promulgated for the prevention of similar abuses of official power. Some of these proposals are very well in their way, but others are evidently based on an imperfect understanding of the business under discussion and of the problems to be solved. A solution which appeals to many critics is the confining of the investments of life insurance companies to such as are permitted to savings banks.

To this procedure there appear to us to be many objections. It is true that between a savings bank and an insurance company there are certain points of analogy. Both receive the money of their clients for safe investment, and hold such funds for repayment with moderate additions of interest. On the other hand, there are a great many differences between the two forms of institution. A savings bank from the nature of the case has to have its securities placed in such a manner as to be realizable at very short notice, the absence of which precaution might

precipitate a "run" of a serious nature. With an insurance company, on the contrary, this does not apply, the nature of its contract with insured precluding call for repayment before a set term has expired, except under certain contingencies, which, on the average, can be provided for to a day. Again, a savings bank is generally confined in its operations to a given restricted locality, whereas under ordinary conditions an insurance company finds it to its best interests to cover a very wide field.

It is difficult to see why or how the two classes of investments should be placed on the same footing when they differ so essentially in many important details. It is difficult, however, to draw a clear line between them which, while it does not preclude a rationally wide discretion on the part of honest management, shall at the same time keep the business along lines which shall retain the confidence of the public to its fullest extent. We believe, nevertheless, that such a line can be drawn, and, therefore, reprint an extract from an article in the Journal of Commerce, which, as it appears to us, gives a clearer, saner view of the problem than in these days is often met with:

"It does not follow," says our New York contemporary, "that there should be no restraint upon life insurance investments. There may be a regulation of exclusion, if not of inclusion. The funds should not be put into the capital of subsidiary corporations, or used in promoting or exploiting corporate schemes, industrial or otherwise. It is doubtful if they should be put into corporate stocks at all, for the fluctuation of these cannot be calculated upon beforehand within safe limits. The proportion invested in real estate should be restricted, and there should be a safe limit to mortgages taken upon such property. Loaning upon collateral security is a questionable practice for life insurance companies. There is certainly too much latitude now, and no sufficiently definite lines to which the companies may be held by official supervision. The freedom with which the funds may be employed has been the chief incentive to efforts and expenditures for an increase of business of individual companies far beyond what is desirable, and the main source of the temptations and abuses that have been lately disclosed. But the savings standard is not one that can be applied to life insurance."

As a matter of fact the management of Canadian life insurance companies has been distinctly conservative in this respect, and has to a large degree followed the lines laid down above. The following figures will be of interest to our readers in this connection, as they show the class of investments favored by the Canadian companies:

Class of Assets.	Amount Invested.	Percentage of Total Assets.
Real Estate	\$ 4,970,708.33	5.4
Loans on Real Estate	23,572,631.36	25.8
Loans on Collaterals	2,907,705.53	3.2
Cash Loans and Prem. Obligations		
on Policies in Force	8,812,029.04	9.6
Stocks, Bonds and Debentures	44,292,768.30	48.5
Cash on hand and in Banks	1,918,457.46	2.1
Agents' Balances & Bills Receivable	93,169.02	.1
Interest & Rents Due & Accrued..	1,300,156.84	1.4
Outstanding & Deferred Premiums.	3,150,131.14	3.6
Other Assets	286,144.68	.3
	91,303,901.70	100.0

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