tion in real estate, and of a waste of capital which must result from the investment of borrowed money in ventures that bring in no immediate revenue, the reinstatement of the invested capital in legitimate business being dependent upon realization at still higher figures than cost.

It is well to be thus pungently reminded of the dangerous possibilities lurking behind the reckless speculation in real estate, which is now fast becoming, in many quarters, almost a disease.

PROFITS OF BRITISH BANKERS.

(*The Economist, London*).

In 1911 British trade and commerce was quite as active as in the previous year, which was the first of the present cycle of prosperity. Unfortunately, heavy losses were suffered by certain sections of the business community through various strikes of transport workers, but with these exceptions it is safe to say that trade conditions and commercial prosperity were remarkably prosperous. Bankers naturally shared in the profits. Money was well employed during the year. But since 1910 had seen the trade boom well out of its early stages the supply was more plentiful, funds required abroad in 1910 having begun to return with the circulation of trade. The average Bank of England rate was just ¼ per cent. lower than in 1910 at £3 9s. 4d. per cent., and the three months' bank bill rate fell by the same fraction to £2 18s. 5d. per cent. On short loans, however, the banks only obtained £2 6s. 8d. per cent. against £2 14s. 10d., and as the deposit rate moved down by the same proportion as the bank rate, namely, ¼ per cent. to £1 19s. 4d. per cent., it follows that the banker's margin of profit was not quite so great as in 1910. The larger supply of funds no doubt provided some compensation for this lessened margin, and in the subjoined statement, which shows the total profits of the English joint-stock banks as published in their profit and loss accounts, it will be seen that the fall was very slight indeed.

The discrepancy of £5,600 between the sum brought forward this year and that carried forward last year is due to the omission of the Stamford, Spalding and Boston Bank's carry-forward of £3,634 from Barclay's accounts, and the remainder to the practice of one or two banks in stating their carry forwards "subject to directors' fees, etc." The sums placed to reserve in 1911 were very small in comparison with the allocations some years ago, when £500,000 was frequently put aside in the aggregate. Year after year the amount applied to premises reduction is steady at about £240,000, and in view of the enormous increase in the number of bank branches in recent years, bank directors will no doubt consider it prudent to continue this writing down process. The amount of profits required for meeting depreciation is £260,000 less than in 1910, but we have seen that in addition to appropriations from profits, reserve funds declined by £900,000, of which sum £600,000 was due to withdrawals for writing down investments. The sums paid in dividends represent an average return of 15¼ per cent. on the capital, showing no measurable change from the corresponding figure of last year.

FIRE COMPANIES' PREMIUMS AND LOSSES IN CANADA, 1911.

We publish this week our annual tables showing the ratio of net losses incurred last year by the fire companies operating under Dominion licenses in Canada. to the net cash received by them for premiums. It appears upon these statistics which are compiled from the preliminary figures of the Dominion Superintendent of Insurance, that last year was a rather more favorable one for the fire companies than was 1910. The proportion of net losses incurred to net cash received for premiums for the whole of the companies works out at 52.69 per cent. against 58.38 per cent. in 1910. The details are as follows:—

	Net Cash Received.	Net Losses Increased.	Percentage.
Canadian Companies. . .	$ 4 730,461	$ 2,541,484	53.73
British Companies.	11,199,301	6,028,463	53.83
American and other Coys. .	4,642,420	2,269,517	48.89
	$20,572,182	$10,839,464	52.69

Each class of companies has shared in the improvement in ratio, the most sweeping change in comparison with 1910, coming about in the case of the American companies. These in 1910 had for them excessively high loss ratio of 59.72. Last year their ratio fell back to the more normal figure of 48.89. The Canadian companies also show a very considerable improvement over 1910, but in the case of the British companies, which transact more than one-half the business involved, the fall was less pronounced, being but fractionally in excess of three points from 57.02 to 53.83.

Revision of these preliminary figures generally results in the losses being shown in a somewhat higher proportion than appears by the preliminary report. To the companies as a whole, 1911 appears as a year of moderate profits. Certainly when expenses are added to the loss ratio, and the increase in reserve liabilities is added to that, it could hardly be found to be anything more.

PROFITS OF 39 BRITISH BANKS, 1911.

(*The Economist, London.*)

	Balances Brought Forward	Net Profit.	Total	Appropriation. Dividends.	Reserve Funds.	Writing Down Investments.	Premises, Staff, &c.	Carried Forward
	£	£	£	£	£	£	£	£
1910	1,528,554	8,241,490	9,770,044	6,760,889	222,517	1,105,766	344,500	1,336,372
1911	1,330,843	8,214,213	9,545,056	6,818,162	116,138	842,215	331,609	1,436,932
Increase	....	....	....	57,273	....	....	....	100,560
Decrease	197,711	27,277	224,988	....	106,379	263,551	12,891	....