

encouraged; he is the strength of the company. The wise manager of a Life company should devote more energy to retaining its business than to secure new business, and as a means to that end, should impress upon the agents the necessity of looking after and securing renewals. There is a tendency of the part of agents to neglect renewals in the mad rush for new business, and it is one of the evils of excessive commissions on first year's premiums. Would it not be a better policy to divide the first year's commissions into five annual instalments contingent upon the collection of the annual thereon, and while decreasing commissions of first year's business increase the commissions on renewals? The twister does not seek impaired or doubtful lives, but strives for the best risks in his poaching; he makes a point of discouraging the policyholder of a rival company, impairs his confidence in what he has already, and by insinuations, innuendoes, weakens and impairs the faith of the people in all life insurance. He is the anarchist in life insurance.

#### GERMAN MORTGAGE COMPANIES

A German statistician, Dr. Dorn, states the stock capital of 33 mortgage companies in that Empire as \$103,270,000, the current loans as \$1,148,400,000, the bonds issued by the companies as \$1,142,700,000. Dr. Dorn gives the total value of the real estate pledged to secure these loans as \$3,222,222. We suspect there is something behind these figures which would explain why loans have been granted to extent of nearly four times the value of the real estate mortgaged as security for them. Such a mode of doing business could not be safely conducted on this continent. The average interest paid on mortgages in Germany is stated to be 4 to 4½ per cent. The funds for these advances are raised chiefly by bond issues, of a small denomination, which causes them to be popular with such investors as ordinarily place money in savings banks. The same system has been adopted by a few Canadian mortgage companies who do not receive deposits. The plan of relying upon bond issues is much more desirable than that of depending upon deposits for funds to advance on mortgages. A bond is a time loan, on the same or similar lines to a mortgage loan, and it is clearly safer to borrow money repayable at terms as lengthy as money is lent upon, than to borrow money repayable on demand or at a month's notice, which is lent to be repaid in several years. The proverbial thriftiness of Germans has caused an enormous and ever increasing accumulation of capital in the Empire which finds an outlet in domestic bond issues, in the securities of the United States and of other foreign countries. As money accumulates here, there is likely to be a gradual increase in the amount of our loan and mortgage companies' bonds held in Canada, but the day is very far distant when such bonds can be prudently issued on the security of real estate to the extent even of its current market value, much less so for beyond as Dr. Dorn informs us is done in Germany.

#### THE AMERICAN BANKERS' ASSOCIATION.

The American Bankers' Association held its 22nd annual convention at St. Louis in the last week of September. The membership comprises 2,188 bankers, whose annual dues amount to \$32,845. There are many features in the report of the meeting of interest both to Canadian bankers as well as to all having relations with financial affairs. As the Convention was held while all America was throbbing with excitement over the great currency question, the whole proceedings showed signs of the agitation at work. The President, Mr. E. H. Pullen, declared that "financial chaos would speedily result from adopting the free silver scheme, and the whole land would be plunged into ruin and misery." In expressing this conviction the President voiced the judgment of the bankers of the United States: but their judgment on Election day "can be set aside by the votes of as many scavengers, or drain diggers, each one of whose ignorance has as much power in deciding the currency question as the wisdom of the most experienced, most astute, and most statesmanlike financier in America." The President made a sharp protest against bankers "offensively interfering with the business of fellow members," by such methods as "the solicitation of accounts already established," or other forms of competition which would suggest the title of "Society for mutual piracy." The Association has been taking action to restrain the competition of express companies in the issuance of money orders which bankers are called upon to cash. These orders are really drafts or bills of exchange, clearly not "express" but banking business. The express companies keep no cash to pay their own drafts, but use the banks in doing a business which is highly injurious to banking interests. Not only so, but with the intent to make banking more costly, they have raised the rates on packages containing currency which bankers have to dispatch in order to provide for meeting the calls of the express companies for cash to pay drafts. Thus these companies not only deprive banks of business, but place upon them the cost of conducting such business by their competitors. Incidentally to remarks on the protective work of the Association, it was stated that two criminals now in custody had robbed banks and other financial institutions of over three millions of dollars. The value of the protection afforded by the Association to members is shown by 31 non-members having been burglarized in 1895, and robbed of \$64,000, while only one attack was made on a member, and that was unsuccessful. Mr. Bradford Rhodes foreshadowed such a degree of unity being established amongst the bankers of the States as would enable them to counteract sudden lapses of credit at weak points. He said: "I anticipate the day when every bank in the Union will be as fully protected from sudden and unreasonable runs upon it as each member of the New York Clearing House Association is protected under similar circumstances." Were the organization of bankers so perfected, as Mr. Rhodes suggests, the knowledge on the part of the public of each bank being buttressed by all the others would prevent "unreasonable runs," for it is a very odd feature of "runs"