

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

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Proprietor.

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Chief Office:

GUARDIAN BUILDING, 160 ST. JAMES STREET,
MONTREAL.

Annual Subscription, \$3.00. Single Copy, 10 cents

MONTREAL, FRIDAY, JUNE 21, 1912.

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THE GENERAL FINANCIAL SITUATION.

The Bank of England secured most of the \$4,000,000 new gold appearing on the London market at the beginning of the week. About \$1,000,000 were taken by India. The 3 p.c. bank rate is still in force. In the open market call money is 2½ p.c.; short bills are 3 per cent.; three months bills, 2 15-16 to 3 p.c. Labor conditions in England are considered by the market to be less menacing—inasmuch as the general national strike of dock laborers has proved a failure. And it is expected that the troubles in the reports of London and Southampton will soon be ended.

However, the unsatisfactory action of British Consols weighs heavily on the securities markets. This week saw a new low record in the price of Consols for the eighty year period. Leading English bankers have pointed out various causes for the continued decline in the premier British security. The low return on the investment is taken as the principal cause. The nominal rate borne by Consols in itself is small enough; but when the income from an investment in Consols is further heavily reduced by the large British income tax, the return becomes so

small that one may easily understand the desire of investors to get out of them. Then the heavy tax on successions continually operates to depress the Consols market. Whenever a wealthy man dies his estate must pay the Government a very large amount in succession duties. Most wealthy men have followed the policy of carrying a considerable amount of Consols, and it is this portion of the estate that the executors or trustees usually decide to liquidate for the purpose of meeting the Government's claim. Consequently there is a continued pressure of liquidation. In one respect the British Treasury is benefitting from the low price of the security. Fortunately for the Treasury it is paying off debt and not contracting it; and at present it can redeem £100 of debt by paying £77. However, if a holder of Consols is in the proper frame of mind he might regard the action of the Government as having some resemblance to a partial repudiation. By piling up the income tax, by absorbing in its annual expenditures a large fraction of the estates of deceased persons, and by its extensive social reform legislation the Government has helped to drive down the market value of its obligations and then it redeems them at less than 80 per cent of face value.

At Paris discounts are 2½, and Bank of France rate is 3 per cent. Thus London and Paris are on a practical equality, as regards market rate and bank rate. The approach of the June settlement day has served to firm up the Berlin market. Discounts are quoted 4¼ p.c., while the Reichsbank adheres to the 4½ p.c. quotation. The German banks have again been seeking funds in New York and offering from 4¾ to 5 per cent. for renewals and fresh loans. Some new money has been loaned by the American institutions. It is expected in New York that Berlin will look to London for gold in the next two weeks. Sterling exchange at New York has been firmer largely owing to purchases by bankers in preparation for the half-yearly European settlements. Call money in New York has been somewhat firmer, being quoted at 2¾ p.c. Sixty day loans are 3 p.c.; ninety days, 3 to 3¼; six months, 3¾. The clearing house institutions in New York on Saturday reported a very large loan expansion—\$23,644,000—which taken with the increase of roundly \$5,000,000 in cash, decreased the excess cash reserve by \$1,318,000, bringing it down to \$29,235,000. The banks alone reported loan expansion \$20,965,000, cash increase \$7,150,000, and increase of surplus \$277,500.

In Wall Street the securities market has been almost at a standstill. Bulls and bears alike have been giving the greater part of their attention to the exciting doings at the Republican National Convention at Chicago. So far as can be seen the rest of the summer and fall will see much political uncer-