

THE FINANCIAL OUTLOOK.

That the outlook from a financial standpoint has few bright features at the present time is only too apparent. There seems to be to a certain extent a scarcity of money, throughout the chief centres of the world, although in some cases not so pronounced probably as on this continent. The great era of prosperity which is generally prevalent necessarily absorbs a large amount of money and there seems to be a disposition abroad to go into large enterprises, as well as to keep well abreast of the requirements of the times. This latter would refer more particularly to the great railway systems, which are absorbing enormous amounts of capital more especially in the United States. Indeed it has been stated that the situation in the latter country is one of the chief causes of the general uncertainty and the pessimistic views expressed by financiers. Take for instance, the uncertainty regarding the policy of the United States with reference to some of its industries and its railways. Take the recent judgment against the Standard Oil Company of twenty-nine millions of dollars. Although it is quite certain that such a sum, or anything like it will never be paid, yet it affects the minds of the public, and is far reaching in its effects upon other industries. All of the foregoing has the effect of locking up a certain amount of funds, more especially of a private character, which otherwise would be available for circulation. There is this much to be said, however, that when every body is prepared for the worst and looking for it, the worst does not happen and brighter things may generally be looked for.

Coming nearer home to Canada, enormous strides are being made in every class of trade. Our bankers very properly are advising their customers to exercise conservatism and caution. This, no doubt, will have a beneficial effect, but it would have been better still, if this advice had been given earlier. The demands on the banks, for the west, have been comparatively great, and it must be remembered that last year's crop, or a great portion of it, has not yet been moved. When it is moved, of course, there will be a certain amount of ease given to the situation, but then preparations have to be made for the saving of the present harvest. We believe that this has to a large extent, at all events, already been accomplished.

Then some of our municipalities not content with doing what is absolutely necessary to meet their growing requirements, seem to have developed a craze for rushing into public utilities and they are aided to a certain extent by the facility with which they can borrow money from the banks pending the flotation of their securities. If the advice has been given to the farmers of the Northwest to hold their wheat for higher prices, we think it is not good advice. For it must not be forgotten that there are other grain districts in the world as well as western Canada. Taking the whole situation, caution and conservatism are essentially necessary. On the other hand there are some bright features which have been touched upon and a turn of the tide, although not immediately in sight, may come sooner than expected.

BRITISH INSURANCE PUBLICITY.

A striking illustration of the publicity of procedure characterizing the leading British insurance companies is afforded by the letter and enclosures sent recently to every Canadian policy-holder of the Pelican & British Empire Life Office, regarding the amalgamation of the interests and businesses of that office and the Phoenix Assurance Company Limited—the title of the combined offices to be that of the latter company. After referring to the long and friendly association which has subsisted between the two offices for over a century the reasons for a closer bond are detailed. It is stated that application will be made in due course to the Chancery Division of the High Court of Justice in accordance with the requirements of Section 14 of "The Life Assurance Companies Act, 1870," to sanction the amalgamation on the terms contained in the Provisional Agreement an abstract of which is sent with the letter together with a Statement of the nature of the proposed fusion. Copies are also sent of Reports by Mr. Frank B. Wyatt (President of the Institute of Actuaries), and Mr. C. D. Higham (a past President of the Institute of Actuaries and Chairman of the Life Offices' Association), to whom the directors submitted the terms of the Provisional Agreement. Both these gentlemen have reported that in their opinion the transfer will be for the benefit of the policy-holders.

The life assurance funds amounted on 31st December, 1906, to £5,021,687 and have been found by recent actuarial valuations, on very stringent bases, to be more than ample to meet all liabilities. In addition to this primary security the life policy-holders will have the general guarantee of the paid-up and unpaid capital of the combined company amounting to about £2,760,000, in place of the Pelican paid-up and unpaid capital of £1,000,000, and also that of the other funds of the company of about £1,300,000. It may be here mentioned that the life policy-holders' funds are specially protected by the Life Assurance Companies Act, 1870, from claims under other classes of insurance business.

The life business will be continued as a going concern, and none of the usual sources of profit of the Life Office will be disturbed or diverted. It is further expressly provided that in no event can any part of the surplus in the participating policy-holders' funds be applied towards payment of shareholders' dividends. The participating policies will consequently form a strictly mutual section. It is anticipated that the amalgamation will in other respects improve the bonus prospects of participating policy-holders.

INSOLVENCIES IN THE DOMINION OF CANADA according to R. G. Dun & Co. were neither numerous nor large in July. Total commercial defaults were 89 in number and \$418,138 in amount of liabilities, against 64 failures last year, when the amount involved was \$295,621. Manufacturing suspensions numbered 35 and liabilities were \$207,750, whereas in the same month last year there were only 17 for \$69,703. Trading defaults were 54 in number and \$210,379 in amount, against 46 failures last year for \$225,918.