

Out of the \$149,000,000 of notes in circulation issued by English banks, no less than \$146,750,000 are those of the Bank of England, which institution has been like an octopus grasping and absorbing the note issues of the English country banks.

How far it is for the advantage of the country for one bank, however strong, to monopolize the issuing of notes is a question which has called forth voluminous treatises and is likely before long to give rise to a very vigorous movement looking to a relaxation of the rigid currency regulations of the old land.

Why the banks of Scotland and Ireland should issue £1 notes (\$5), while the lowest denomination of English notes is £5 (\$25), is not explainable, it is an arbitrary system which is kept up because the custom has been long established.

A salient feature in the returns of British banks is the large proportion their deposits and current account credit balances bear to the capital.

The proportion of the Capital of English Banks to.....	
Deposits paid up is.....	9 11 p.c.
do Banks of Scotland is.....	10.80 p.c.
do Banks of Ireland is.....	7.30 p.c.

Another feature, which is largely a consequence of the preceding, is the high rates of dividend paid by many of the banks, which were as follows last year:

1 at 25½ p.c.	1 at 19 p.c.	1 at 17½ p.c.
1 at 25 p.c.	1 at 18¼ p.c.	2 at 17 p.c.
1 at 23¼ p.c.	1 at 18½ p.c.	1 at 16 p.c.
1 at 20 p.c.	5 at 18 p.c.	9 at 15 p.c.
1 at 19 p.c.		14 at 12 to 14 p.c.

The relatively small amount of their reserve funds is also a feature in the British banks, the average for the whole of them being 58 p.c., 15 of them having a reserve equal to more than the capital. There are 11 Canadian banks in this position.

In this respect the Scotch banks take the first place as their reserves average 85 p.c. of the capital. The British Linen Co., one of the oldest and most popular banks in Scotland has a reserve fund of \$9,000,000, and capital of \$6,250,000 the excess of reserve being \$2,750,000. The Ulster Bank also has a large reserve \$3,500,000 which is \$1,000,000 more than the capital.

The tables give an exceedingly interesting statement of the position of the several banks of the old country, and cannot but be regarded as a most impressive exhibit of the enormous amount of banking resources at the service of the several classes of banks established in the old land, more especially those which have an office in London, or an agency in London as is the case with all the banks of the United Kingdom, and all the important banks in the world.

The Chancellor of the Exchequer at the Bankers' dinner last month stated that he had been making enquiries with respect to the gold reserves held by the English banks. The question is becoming quite a live one in banking circles in England as

to what reserves of cash the banks ought to hold against their liabilities. The habit of relying upon the Bank of England as, practically, the banker's reserve of cash, is open to grave objections. When business is in a healthy condition and everything working smoothly, there will only be an occasional demand for a supply of cash from the Bank of England, but, when trouble is brewing, when confidence is waning, when production is falling off the demand for cash from the Bank of England may and does become so general as to affect the policy of the bank, it may check this demand by advancing the rate and this may be embarrassing to both bankers and their customers.

The expense of enlarging their cash reserves has prevented the English banks from adopting this course, but the question as to what the minimum of these reserves ought to be and what needs and should be done to compel the English banks to hold larger cash reserves are questions which are prominent in banking circles in the old land.

THE EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LTD.

The 25th annual report of the Employers' Liability Assurance Corporation, Limited, shows the business of last year to have been highly successful.

The premiums for 1905 were \$3,594,270 against \$3,193,685 in 1904 the increase being \$400,585. The total revenue, excluding realized profits on investments, was \$3,759,985.

The expenses, excluding commission and losses amounted to \$271,445. The commissions and losses were \$2,893,155 being an increase of \$224,185 over those of 1904.

The balance brought from last year was \$2,510,350 to which being added \$3,759,985 the amount of premiums, interest and rents, etc., with \$20,515, and a small item of \$1,005, gives a total of \$6,291,855. Against this the charges on revenue were \$3,176,245, which left a balance at credit of revenue account of \$3,115,610.

The capital called up is \$750,000, and sundry liabilities \$354,590. The reserves consist of \$950,055, for outstanding losses and balance of revenue account less \$37,500 for interim dividend, \$3,078,110, which two sums make the total reserve \$4,028,165, which is 109 per cent. of the premium income, which gives the company a very strong position. The investments, which are stated at cost, amount to \$4,229,570 other assets are branch and agency balances, outstanding premiums, interest and rents accrued, and cash at bankers and in hand, these items aggregate \$903,185, which sum added to the investments make the total assets \$5,132,755.

In addressing the shareholders the Chairman, Lord Claud Hamilton, gave an account of the visit of himself and two members of the Board to the