

to the public" increased from 28.4 per cent. to 36.6 per cent. during the twelvemonth. Omitting the domestic call loans of Canadian banks from their liquid assets the increase in reserve ratio was from 22.3 per cent. to 30.1 per cent. during the twelvemonth. Since the close of 1907, up to the close of September this year, the trend has been as follows:

PER CENT. RESERVE RATIO CANADIAN BANKS.

Dec. 31,'07.	June 30,'08.	Dec. 31,'08.	June 30,'09	Sep. 30,'09
19.3	22.3	31.5	30.1	31.0

And this takes no account of the circumstance that funds invested in securities are some sixteen million dollars greater than at the close of 1907.

While it is usual to include only foreign call loans in thus computing the immediately available reserve of Canadian banks, it is perhaps permissible to include the domestic call loans as well in making particular comparison with the English banks. While some call loans in *Canada* may be *less* available than the short loans of British banks, the generality of call loans placed *abroad* by Canadian institutions are *more immediately* realizable than are the market funds of English banks.

The following comparison indicates how close was the correspondence, at the end of 1907, in Canadian and English ratios of "cash, call and short loans" to "banking liabilities to the public."

	Dec. 31,'07.	June 30,'08.	Dec. 30,'08	June 30,'09
English.....	25.1	26.6	27.2	27.7
Canadian....	25.9	28.4	37.2	36.6

At the close of 1907 the showing was almost exactly 25 per cent. in each case. From then until midyear 1909 the English ratio increased by 2.6 points, and the Canadian by 10.7. And since midyear, up to the close of September, the Canadian ratio increased about one point further. Reserves of English banks, on the other hand, came in for considerable reducing during recent weeks. To what extent cannot now be determined, but the general trend is clearly enough shown by the reduction in the Bank of England reserve from a ratio of around 53 per cent. at midsummer to about 45 at present.

In the matter of actual cash holdings the similarity of the 1907 year-end positions was scarcely less marked than in the case of liquid assets generally. For Canadian institutions, the ratio was then 12.8 per cent.; and for English, 13.2 per cent. Here, too, the Canadian increase was proportionately greater, the showing at June 30, 1909, being 15.9 per cent. as compared with the English banks' 14.4 per cent.



HALIFAX ELECTRIC Tramway Company has increased the dividend from a 6 per cent. annual basis to 7 per cent.

FIRE INSURANCE RATE-MAKING.

The fever for applying American legislative methods to Canadian insurance was but short-lived. Legislators and the general public have pretty well got over the delusion that a semi-ready insurance law, cut to the New York pattern, would allow life companies to do their best service in a rapidly growing community.

Just now the legislative mania among our neighbours has to do particularly with fire insurance companies. Anti-compact laws in various states led naturally to chaotic conditions in rate-making. Rate wars, in their logical conclusion, tend to the withdrawal of strong companies and the smash-up of weak—thus involving serious loss by the community directly concerned. Realizing this danger—though somewhat late in the day—legislators in different states are now talking enthusiastically of government-made rates. In considering this innovation as a cure-all, they calmly ignore the fact, pointed out by Commissioner Hartigan of Minnesota, that state officers are not at present equipped with either the information or the technical knowledge to fix scientific insurance rates.

Kansas and Texas enjoy the distinction of making the first out-and-out attempts at state regulation of rates. That some underwriters in these states prefer the new regime to extreme anti-compact conditions does not prove the innovation to be sound. And ultimately it may even turn out to be not the *lesser* of the two evils.

In the meantime, some company managers are resigning themselves to the inevitability of the experiment being made by other states—believing, however, that the next few years will demonstrate that the plan is not only unjust to the companies but must bring disappointment and loss to policyholders. When rates are born of ignorance there is a lively likelihood that responsible companies will find it necessary to decline to write business owing to unprofitable premiums and wrong conditions. In which case the public would be forced to accept alleged indemnity, the value, or lack of value, of which most of them would be apt to find out only after their property had been destroyed—unless they went without insurance, a condition of affairs that would disturb all credit relations of general business.

Manager R. M. Bissell, of the Hartford Fire Insurance Company holds that if new legislation must be tried, all the benefits claimed for state-made rates could be better sought by forbidding rebates, requiring formulation and filing of schedules, and directing each company to apply its schedule uniformly. Other prominent underwriters contend, and with good reason, that a state is "putting the cart before the horse" in arbitrarily