

writers decided to give wide publicity to similar arguments applicable to casualty insurance. Through a proper presentation of the facts concerning the taxation of casualty insurance companies—and with the help of policyholders who should be made to see that it was upon them the burden of taxation eventually fell—they had hoped they would be able to report to this week's convention a degree of progress which would encourage their successors to carry forward the movement with renewed zeal. Statements of existing conditions were submitted to policyholders through the companies, tabulations, arguments and addresses were presented to legislators and state officers and, when occasion offered, oral arguments were made before legislative committees. The press and particularly the insurance press were called upon and rendered valuable aid. Nevertheless, the net result of the year's work is not very encouraging.

In two or more states lawmakers, realizing the fairness of the companies' position, presented measures to reduce taxation; but for one reason or another these failed to become laws. In some states the tax rate was increased. South Carolina, for instance, has increased the state tax four-fold. It is true that in the enactment which increased the tax from one-half to two per cent. it was provided that no additional county tax or license fee should be levied upon the companies but it is also true that the towns and municipalities in the State of South Carolina have not been prohibited from levying taxes upon insurance companies and that the companies which may transact business in that state will be called upon to pay the state tax, departmental fees and charges and the taxes levied by towns and municipalities.

Further, just at this time, United States companies are facing the possibility of federal taxation. The federal government proposes to add to these burdens under the guise of providing revenue, equalizing duties and encouraging the industries of the United States, by exacting a tax of two per cent. upon the net income as defined in the act. Moreover, when the federal measure becomes a law, the companies are likely to have an inquisitorial form of supervision by the federal tax-gatherers in addition to the multiform state supervision to which they are now subjected; and this without any of the advantages which a real and exclusive federal supervision would bring.

While it is just as well that Mr. Fibel's enthusiasm should have been tempered by the somewhat sober tone of the executive's report, the latter furnishes no excuse for relaxation of effort. Instead, it gives strength to the contention that a long pull, a strong pull and a pull altogether, is needed on the part of insurance companies in all branches of the business.

AT 70 PER SHARE, United States Steel, Common, yields less than 2 7-8 per cent.

## General Financial Situation.

### BANK OF ENGLAND RATE UNCHANGED.

**London and New York Send Gold to South America—  
American Borrowings in London—Autumn  
Monetary Outlook—Dominion Loan and  
Finances.**

By way of change, Austria this week secured the bulk of the Monday gold arrivals in London, which amounted to \$3,500,000. Owing to the recovery of the reserve and the outlook for fresh accessions the Bank of England directors are said to have considered the lowering of the discount rate at their meeting a week ago, Thursday, but they came to the decision to make no decrease, and yesterday again the rate was left unchanged at 2 1-2 per cent. The fact that the flow of gold from London to South America has recommenced doubtless had a bearing upon the decision not to lower the rate.

The London stock exchange settlement was concluded satisfactorily, but new business is dull. Rates in the open market are: call money, 3-4 to 1 per cent; short bills, 1 3-8 per cent; three months' bills, 1 5-16 to 1 3-8. These extremely low rates for call money, which have been in evidence for several weeks, explain in some degree the tendency exhibited by the leading New York bankers and financiers to borrow in London. Last week's Chronicle referred to their borrowings.

### Modus Operandi of New York's Borrowing.

It is understood that on the present occasion the mode of operations has been slightly varied. When a banker in New York desires to borrow in London he quite probably would draw his bill at 60 or 90 days on his London correspondent and sell it in the exchange market in New York. His sale if it would be tantamount to discounting it at the Bank of England rate. But in the last few weeks there has been such a wide difference between the market rate for call money in London and Bank rate that it has paid the American banker to follow a different course. It has been more profitable to borrow directly at call from the great London banks or discount houses at 1-2 to 3-4 per cent. and to draw sight sterling against the proceeds. That is what is said to have taken place. In other words though the finance bills have not been figuring prominently in the New York exchange market they nevertheless exist—having been negotiated direct in London. In consequence of this and sale of bills covering European purchases of American bonds, sterling exchange has been moving in favour of New York—though gold exports to South America have continued.

Bank rates respectively at Paris and Berlin are: 3 and 3 1-2; the open market at the French capital is 1 5-16, and at the German, 2 3-8.

Though the attempt of the New York financiers to introduce U. S. Steel Common to the Paris bourse appears to have fizzled out, our neighbours continue to cast longing eyes on France as a field for placing