

LONDON'S FINANCING DURING MARCH

Total Issues Amounted to Over Seventy Million Dollars
—Purposes for Which Capital is Used

The new issues of capital in March were much smaller than in the two previous months. Indeed, they were only a little larger than in March of last year when they were affected by the uneasiness concerning the great coal strike. The amount raised was only about one-half as large as in March, 1911. The total was nearly £14,000,000 against £12,500,000 last year, nearly £27,000,000 in 1911 and over £27,000,000 in March, 1910. The greater portion of the borrowing was for governments, municipalities and railways. The issues for miscellaneous companies were small. Of course, the smallness of the amount raised was due to the delay in concluding peace in the Balkans and to the stringency of the international money markets. The large amount of new capital issued in January and February shouldered by the underwriters has also to be taken into account. A reduction in the new issues in March was essential having regard to the overstocked condition of the investment market. How soon the existing spirit of caution will disappear no one can predict. If peace is quickly restored in the Balkans the investment market may resume its normal condition without much delay as most of the reasons for caution will then disappear. The financial situation on the continent has, of course, to be taken into account, and this may tend to restrict the new issues of capital.

First Quarter's Total Was Large.

However, it is essential to note that the British public shows no signs of having lost its nerve. Notwithstanding the grave situation on the continent during the last six months there have been no evidences of distrust in this country. All that has happened has been that for the last month or two the investment public has shown a desire to await the termination of the war before subscribing freely to new issues, opines The Statist. It is quite possible that when the war is over the public will be quite as willing as hitherto to find capital for all enterprises reasonably safe. Although the new issues in March have been small, for the first quarter of the year they have been very large, having reached over £80,000,000 in comparison with less than £60,000,000 in the first quarter of last year, £63,000,000 in the corresponding quarter of 1911, and £75,000,000 in the first three months of 1910. In this total of 1913 is included the issue of new capital for the Canadian Pacific Railway, which will be paid up gradually during the year. Having regard to the international political and financial situation this market may well be proud of its ability to find £80,000,000 of new capital in the past three months, and a sum of no less than £118,000,000 of capital in the six months in which the war in the Balkans has been fought to a finish and the public mind on the continent has been so seriously disturbed. The manner in which British financial houses and British investors have acted during the last six months show clearly that the characteristics which have so largely contributed to the wealth of this country are still prominent.

Purposes of Issues.

The purposes for which the new issues of capital have been made in March for the last three years are shown in the following statement:—

Description of Security.	1913.	1912.	1911.
Government	£2,940,000	£1,044,495	£7,500,000
Municipal	1,537,300	1,022,062	348,363
Railways	3,623,208	2,969,000	7,921,621
Banks	220,000	.....	200,000
Breweries .....	.....	.....	.....
Canals & Docks .....	.....	.....	.....
Commercial, Industrial, etc.	1,479,485	2,133,268	2,455,210
Electric Light & Power ..	949,500	381,022	1,468,674
Financial, Land, Invest- ment & Trust	1,134,025	840,000	964,250
Gas & Water .....	.....	540,000	130,000
Insurance .....	.....	.....	.....
Iron, Coal, Steel and Engineering ..	120,875	.....	694,118
Mines	259,500	1,055,913	1,911,012
Motors and Motor Manu- facturing	322,500	.....	.....
Nitrate .....	.....	.....	.....
Oil	40,000	139,999	476,500
Rubber	23,000	187,875	794,099
Shipping	50,000	889,300	.....
Tea and Coffee .....	.....	53,350	345,000
Telegraphs and Tele- phones	295,000	.....	264,919
Tramways	804,000	1,128,750	1,358,000
Total	13,798,393	12,385,034	26,831,766

Most of the money borrowed during March was for the over-seas dominions. The capital supplied to Canada has been over £4,000,000, and to New South Wales about £3,000,000. The capital provided for foreign countries has reached £3,500,000, of which the greater part has been for Brazil and the United States. Out of the £80,000,000 of capital subscribed for the quarter nearly £43,000,000 has been for British possessions, £27,000,000 for foreign countries and £10,000,000 for the United Kingdom. The destination of the capital we have provided during the past month and quarter is shown by the statement presented below:—

	1913.	1912.	1911.
United Kingdom	£2,687,729	£2,144,750	£1,496,751
India and Ceylon ....	.....	154,818	3,861,217
British Possessions ..	7,565,633	3,128,472	7,207,303
Foreign Countries	3,545,031	6,956,994	14,170,495
Total	13,798,393	12,385,034	26,831,766

VALUE OF LIFE INSURANCE

VII.

How to Protect Capital in Land or Other Property

By C. A. Hastings.

How, in the hands of a reputable life office, a small sum of money, deposited annually, will increase, will prove astounding to those who will give a little thought and careful scrutiny to the subject. An intellectual reader can, if he will give thought to the matter, easily find out how a policy can be made to suit his own requirements. For instance, a Sinking Fund policy—issued by any first-class life office—in the case of even any successful land or any other company, let alone the unsuccessful, always proves a first-class investment.

Take mining companies, for example; most of them provide a sinking fund for some purpose or other, but, as we all know, there is a possibility of loss on all investments and it is common knowledge that no individual or syndicate can possibly obtain anything like the same benefits from that sinking fund as they can from an assurance company—the reasons are too obvious to recall here.

No Capital Depreciation.

Looking at the matter at its very worst, there is no doubt that there is no shadow of possibility of capital depreciating in a Sinking Fund policy issued by a first-class life office. The principal point is that the individual or syndicate who takes out such a policy makes his money do two things at the same time, namely:—

- (1) Earn compound interest.
- (2) Provide immediate and permanent protection.

So many look upon the dividend they receive as revenue, and do not for one moment think that, unless the concern is taking adequate steps for depreciation of its principal assets, the dividend is nothing more nor less than returned capital.

Soundness of Protection Given.

The only way to treat it is to apply a proportion of the dividend for the annual premium of a Sinking Fund policy, which will guarantee that the capital does not melt away. Figure this out, and you will observe that the sum that each shareholder pays, in proportion to his holding, is a mere bagatelle, having regard to the absolute soundness of the protection required, which can be obtained by no other conceivable means.

"The more speculative the nature of the business, the more necessary the protection, and there is no excuse for any concern who neglects to take this precaution," is the sound advice of the Joint Stock Companies Journal.

The following articles in this series have already appeared:—

- (1) March 1st.—How to become one's own master.
- (2) March 8th.—How depreciation of assets can be met.
- (3) March 15th.—How to borrow at a profit.
- (4) March 22nd.—The automatic production of capital.
- (5) March 29th.—How to redeem debentures.
- (6) April 5.—Value of Goodwill and how to preserve it.

A license has been issued to the North Western Insurance Company, Limited, authorizing the company to transact the business of fire insurance in British Columbia. Messrs. Loewen, Harvey & Humble, Limited, Cotton Building, Vancouver, are the company's attorneys.