

have not increased in the same ratio that the deposits have; that our exports have fallen off, due largely to the advance in prices which has taken place within the past two years, while our imports have largely increased; and that vast amounts of circulating capital have been converted into fixed capital, so that such capital cannot be fully returned in circulating medium from the result of increased earnings, and that the balance of trade which a short time ago was largely in our favour is now against us to the extent of \$200,000,000 to \$300,000,000. Now, while the Bank reserves have not increased as they should have done, and while the cost of many articles now is so high, as to debar them from foreign markets, and our imports have largely increased it seems to us that his last statement regarding the locking up of circulating capital is by far the most important, and in this, Mr. Vanderlip's own institution is perhaps more largely concerned than almost any other in this city. The Amalgamated Copper Company, with a capital of \$75,000,000 (which was featured by the Bank named), being one of the first of the great combinations which have since been brought out, and which combinations paid exorbitant prices for some individual properties, in order to perfect their deals.

Right here is what we believe to be the most dangerous point in the present situation. We cannot and do not believe that the stocks of these giant combinations have been distributed to the extent that the promoters hoped or expected; consequently, those interested in floating them have not been able to liquidate the advances made to them upon such securities by the various institutions to whom they applied for help in financing the deals. If the promoters of these various enterprises can maintain a sufficient margin and if the institutions making such loans are not forced to call such loans, all parties may, in time, work out of the present situation, but it looks very much to us as if some of these matters would have to be settled before very long, in which case those who had cash on hand and only a very limited amount of securities, would be in a position to make some handsome profits by the fluctuations of the market.

The settlement of the election just held, while not as satisfactory in some respects as was hoped for in this State, will, nevertheless, enable the present national administration to carry out its plans and policies without hindrance, which is a very fortunate thing, for there are several matters of importance which it is very desirable should be settled without unnecessary delay.

The general business of the country continues in large and increasing volume, and all lines are taxed to their utmost to find rolling stock and motive power with which to handle the business offering. To those who look only at the general business of the country or at the railroad earnings, it is difficult for them to see anything but advancing prices; but those who take a comprehensive view of the various interests of finance, real estate and general business will, we think, agree with us, that the present calls for extreme caution in regard to stock market commitments, and that the best policy will be found in dealing only in standard properties, and particularly those whose inherent merit will cause them to advance, even in adverse surrounding conditions.

As stated in our letter of last week, it is not improbable that we shall be called upon to ship gold abroad, but just when such shipments will begin it is very difficult to say, for the exchange market is a very peculiar one, and subject at times to great manipulation. One thing, however, seems certain, and that is that every effort will be made to delay such shipments until the greater volume of exports and the return of some of the funds from the West to the centre shall minimize the effect of such an operation.

The statement is made that the old officers of the Chicago & Eastern Illinois Company have resigned, and that their places have been taken by officers of the St. Louis & San Francisco Company, which latter Company has recently acquired the former, at what is generally considered a very large price. Whether the San Francisco people will be able to make the property return enough to warrant the price paid is one of the things that will have to be left for future developments.

The statement is made that the old officers of the Chionaturally shows large decreases, but it must be remembered that these earnings are compared with a period which showed phenomenal advances. Further, the Reading properties have been improved to such an extent that now that they are running again they can produce much more rapidly than they ever did before, and it should not take the Company very long to recover whatever losses may have been sustained from the strike.

The market has been heavy all day, and during the afternoon broke on heavy sales. All of the room talent are said to be bearish, and talk much lower prices for almost everything; whether they will have their hopes realized remains to be seen.

RECENT LEGAL DECISIONS.

PRIOR AND SUBSEQUENT FIRE INSURANCE.—One, Mutchmor, sued the Waterloo Mutual Insurance Co.'y upon a policy of fire insurance, and the Company defended upon the ground of both prior and subsequent policies without notice. At the trial judgment went against the Company, and an appeal to the Ontario Court of Appeal has been dismissed.

On the question of prior insurance, it was stated in the application that there was prior insurance in the Hand-in-Hand and Sun, apparently \$1,000 in each, with which the insurance applied for was intended to be concurrent. The policy did not specify either of these Companies, but referred to the property insured as "represented in the application as otherwise insured for \$4,000 warranted concurrent." Judge Osler in deciding this point against the Company said: "It does not seem necessary that the particular Company in which the prior insurance exists should be specified in the policy. The amount of such insurance was the important thing, and the application gives the necessary details. If the Company desired to change the particulars in the application they should have given written notice.

The subsequent insurance was in two companies, the London Mutual and the Lancashire. The Court found that there was evidence that the London Mutual policy was merely taken in substitution for the Hand-in-Hand, and, that being so, the statutory condition was not infringed, the substituted insurance being covered by the standing consent. The fact that the sum insured was somewhat differently distributed in the new policy from what it was in the earlier, cannot affect the substance of the matter.

As to the Lancashire policy, the Court found that it was strictly a subsequent insurance, and the defendant was not liable unless they had assented to it, or had estopped themselves from saying that the policy was not an existing one. No form of assent is prescribed, nor any time at which it is to be given. It need not, therefore, necessarily be manifested in writing, and may be given before or after the loss. Where such subsequent insurance has been effected without notice, notice of it in writing is not a prerequisite to a valid assent. The head office knew at the time an adjuster was sent to the place of fire, of all the insurances complained of being on the risk, and the Court considered that the Company intended by such act to treat the policy as valid