rates prevailing a week ago. The Saturday statement disclosed a further strengthening of reserve on the part of the clearing house institutions. Banks and trust companies together reported loan expansion of $3,467,000 and cash gain of $2,150,000—the net result being an increase of $1,719,000 in surplus reserve. The surplus reserve thus reaches $27,-298,400, a new high record for the past four months. In the case of the banks alone the loans were contracted to the extent of $896,000, and cash holdings fell $300,000—the increase of surplus being $495,000. Cash holdings of the banks have been considerably affected by the gold export movement to Paris.

RAILROADS CRIPPLED.

Call loan rates in Wall Street have probably been affected this week to some extent by the 'Frisco receivership proceedings. Announcement was made on Tuesday afternoon to the effect that the attorneys for the St. Louis and San Francisco Railroad had applied to the courts for a receivership on account of inability to meet $2,250,000 of 5 per cent. two-year notes maturing 1st June; and liquidation of stock market collateral occurred. The officials of the company had been endeavoring to arrange with bankers for the retirement of these notes and it was confidently expected in Wall Street that they would succeed. However, the bankers were unwilling to put up the money with circumstances as at present; a receivership was therefore the only possible solution. The company also has a batch of notes amounting to $2,880,000 maturing on October 1st next. It is said that the troubles of this railroad system are due primarily to its acquisition a few years ago of the Chicago and Eastern Illinois and a number of other lines. Some of these roads owned by the 'Frisco system failed to earn fixed charges, and the parent concern was forced to meet them out of its own funds. Also the 'Frisco owns over $7,000,000 of Chicago and Eastern Illinois common stock on which the dividend was passed this year. While the difficulties are thus due primarily to over-extension, there can be no doubt that governmental attacks on railways and piling up of taxes helped to cripple the various lines here concerned and served to increase the difficulty of providing for the maturing notes.

EDUCATION WANTED.

City Auditor Cluff, of Ottawa, is quoted as saying that if he had his way, Ottawa would not pay anything for insurance:—"During the last ten or twelve years the city has only profited to the extent of getting $10,000 or $12,000 insurance due to fires, while at the rate of $5,000 a year it has paid out $50,000 or $60,000 in insurance premiums in that time."

Will someone kindly volunteer to give Mr. Cluff lessons in the theory and practice of fire insurance?

PROFITS OF BRITISH BANKERS.

Profits of English bankers during 1912, according to compilations made by the London *Economist*, showed a substantial advance over those of 1911, being £9,124,327 against £8,214,213 in the preceding year. This was owing to the fact that the year 1912 was a period of greater trade activity, as far as the actual turnover in money value was concerned, than any previous year which the country has ever seen, and money commanded a relatively higher value in the London money market than has been the case since 1907, the year of the American panic. Towards the end of the year the flurry on the Continent more than compensated for the easier tendency there might have been as the result of any trade slackening through the Balkan disturbances. Bankers, therefore, were in the fortunate position of having plenty of funds, with rates at a remunerative level. What kept rates up was the need for caution, bankers, like other people, fearing that Near Eastern affairs might become complicated.

The margin between Bank rate and market rate was exceptionally narrow. In the last three months of the year the market rate was practically at the same level as the Bank rate, but throughout the year the margin was never wide. As the deposit rate is regulated by Bank rate, the margins between working rates and the deposit allowance were wider than usual. The margin for loans at call and short notice showed the least expansion, for in times when caution is necessary, bankers are inclined to refrain from discounting bills or lending on long terms, so that the short money rate is relatively easy. Bankers also favoured loans to the Stock Exchange towards the end of the year. The crisis on the Continent led to a heavy selling on London, where the Stock Exchange was very confident of an early recovery in values.

The English banks' profits were equal to 0.99 per cent. of their resources against 0.93 per cent. in 1911, and 75 per cent. of their profits was distributed in dividends compared with 83 per cent. in 1911. The profits of the Scottish banks in 1912 amounted to £1,869,525 equal to 1.22 per cent. of their resources and of the Irish banks to £1,053,684, also equal to 1.22 per cent. of their resources. The Scottish banks distributed 78 per cent. of their profits in dividends and the Irish banks 72 per cent.

THE INSURANCE REPORT.

Complaints are again being made by insurance men regarding the non-appearance of the preliminary report of the Dominion Superintendent of Insurance. We understand that the delay is not the fault of the insurance department, but is due to the printing bureau. Presumably the latter has been overwhelmed by the necessity of reproducing in permanent form the floods of eloquence let loose in Parliament this session and printed, bound and stored at the expense of the country which has no use for something more than nine-tenths of them. Why adequate arrangements were not made for coping with this rush of work is a mystery. It ought not to be a matter of difficulty to arrange that in the ordinary way the preliminary report should appear not later each year than the end of March. Under present circumstances, the report, appearing weeks after other reports, *e.g.*, those of the State of New York, loses half its value.