The Chronicle

Banking, Insurance & Finance.

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PREJUDICES AND THE FIRE LOSS.

There are two widely prevalent prejudices in human nature, which have something more to do than is commonly supposed with the extent of the fire loss. The first is that widely-prevalent superstition (with which it is impossible to argue) that the deliberate cheating of governments, railways, insurance companies and similar bodies is something highly commendable and certainly not a breach of the eighth commandment; the other, that it is the bounden duty of fire insurance companies to pay for fire losses upon a generous scale without too close attention to the actual facts of the loss incurred.

This second prejudice is perhaps not so widely prevalent as the first, yet the idea that insurance companies must expect to be "fair game" for those who incur fire losses is met with in all kinds of places. Eminent occupants of the judicial bench have been known to explain with becoming dignity that it is not their custom, when dealing with cases in which claims are made against fire insurance companies, to whittle down the claims to too fine a point; the astonishing values which lace curtains, mattresses and the like assume when they happen to have been slightly singed because a candle overturned or something else unfortunate happened are a commonplace of the daily routine of fire insurance offices; and, if report be true, there has grown up a certain class—a variety of "ambulance chasers"—who make a very respectable living by the skill displayed in arranging with fire companies settlements which are mainly if not entirely conspicuous for their generosity. Why should these things be? Why should a fire company be required to pay a cent more than the due amount for any loss, any more than a storekeeper should be compelled to give a pound and a quarter of butter in exchange for the price of a pound?

There are ample reasons why not. For fundamentally considered, fire insurance is a tax. The fire insurance companies are in business, not to secure opportunities for exercising their beneficence, but merely for the purpose of paying out fire losses. Fire insurance being in its nature a tax, it follows that the more the fire companies are required to pay out, the more they will require to collect in order to meet those payments, in exactly the same way that the greater the expenditure of a municipality, the greater the amount it will require to raise from its citizens in taxation. So that what the argument for "generous" settlements comes to is that the public generally ought to be called upon for additional taxation in order to make a charitable donation to every individual who has a fire—even if that fire, as it may very well be in many cases—follow as the inevitable result of carelessness. People shout about the height of fire insurance premiums, but they don't see that every time they howl for "generous" settlements or encourage some acquaintance to get his non-existent "rights" out of a fire insurance company, that they are merely keeping up those premiums; taking money, in fact, out of their own pockets.

Not only is there the failure to realise that the man who tries to get a "generous" settlement out of a fire insurance company is merely attempting to steal the clothes of the friends who are whooping him on to the task and of everyone else who pays fire insurance premiums, but the general attitude towards the fire loss also leaves something to be desired. Under present circumstances, the man who has a fire enjoys the sympathy of his community. Perhaps he deserves it, but it would be more conducive to the reduction of the fire loss and the consequent reduction of fire insurance premiums, if instead of being regarded with nothing but warm sympathy, he were shown some of the chilly official austerity with which the man who has a fire is regarded in some of the countries of continental Europe. It seems clear that while the present campaign of education in fire prevention and reduction which is being energetically pushed throughout this continent will in time do good service, the full benefits of it will not be reaped until it is coupled with a policy of active restriction, such as is followed in Germany and France. When the State brings to bear its police power on the people who clamor for "generous" settlements and the like, there may be a fair chance of reducing the fire waste.

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R. WILSON-SMITH, *Proprietor.* ARTHUR H. ROWLAND, *Editor.*

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MONTREAL, FRIDAY, AUGUST 1, 1913.

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FOREIGN EXCHANGE AND THE GOLD STOCK.

In the Montreal and Toronto markets New York funds are still quoted at a premium, and the question of gold exports is still to the fore. At the present time this outward movement of gold is somewhat inconvenient even though it has not assumed large dimensions. With the harvest season so close at hand, the banks have need of all available funds. However, the vast increase of Canada's indebtedness to outside countries and the heavy importations of merchandise in the past year or so have laid the banks under obligation to find a greatly enlarged volume of exchange. This exchange was easily found so long as the output of Canadian securities proceeded on a large scale in London. All that was necessary, then, was to draw on the proceeds of bond and debenture issues. But since London assumed its restrictive attitude other means of providing exchange have had to be found. The banks have been dipping into their outside reserve and finally in some cases it has been necessary to send gold.

WISDOM OF LARGE GOLD RESERVE.

The course of events suggests that the large reserve of gold in the Dominion Treasury may serve a very useful purpose. Certain amateur financiers in Toronto recently urged the Government to appropriate a part of this gold reserve to its own uses and "save interest." If the advice of these wiseacres had been followed, sooner or later the time would have arrived in which the financial community would have had doubts as to the sufficiency of the gold reserve. Gold for export is secured through presenting large Dominion notes for redemption. Consequently an extensive outward movement always causes a contraction of the Dominion note circulation. As things are at present there is no apprehension as to the sufficiency of the Dominion's gold reserve. The outflow tends to make money perhaps a little tighter, but there is no uneasiness as to the ability of the country to meet its engagements. No appreciable change has occurred in the status of the home money markets. Call loans in Montreal and Toronto are still quoted 6 to 6½ per cent., and mercantile lines of credit command 6 to 7 p.c.

EUROPEAN DEVELOPMENTS.

Most of the $5,700,000 new gold offered in London this week was taken by the Bank of England. The English bank rate stands unchanged at 4½ p.c. London market rates are as follows: Call money, 3½ to 4 p.c.; short bills, 4 p.c.; and three months' bills 4⅛ per cent. Market rate in Paris is 3¾, and in Berlin, 4⅝. The Bank of France and the Imperial Bank of Germany hold their rates at 4 and 6 p.c. respectively. The improvement noted a week ago in the European markets continues in evidence and confidence seems to be slowly returning. Unsettled conditions in the Rand mines, due to re-appearance of labor difficulties, affected the Kaffir section of the London markets, but in other departments the tone is one of cheerfulness.

NEW YORK POSITION.

Call loans at New York are 2½ p.c. The time money market there offered no noteworthy features. Sixty day loans are 3½ to 4 p.c.; ninety days, 4½ to 5; six months, 5¾ to 6 p.c. These rates are noticeably lower than last week's quotations, and the fact is taken as reassuring in view of the imminence of the currency shipping period. The Saturday statement of the New York clearing house institutions showed a large gain in surplus strength. In case of the banks and trust companies the loan contraction amounted to $13,100,000; and as there was a cash gain of $7,300,000, the surplus reserve increased $7,885,000. It stands at $28,157,700. In case of the banks alone the cash gain was about $5,000,000, the loan contraction $6,000,000, and the increase of surplus, $6,549,500.

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Savings Bank Department

THE TARIFF QUESTION.

The sterling exchange market in New York has ruled lower this week—the extraordinary French demand for gold being apparently satisfied. The exchange situation may be affected rather importantly by the going into effect of the new Underwood tariff. It is now said that the great controversy will be ended and the bill will become law on or about 1st September. As the New York *Journal of Commerce* remarked the other day, the fervid speeches of Republican senators against the bill fall flat, nobody pays much attention to their predictions of disaster, but what all want to see is an actual trial of the new conditions and above all to have the tariff definitely fixed so that business men can go ahead. The foreign merchandise held in bond at New York, most of it waiting to be entered at the reduced rates, now exceeds $80,000,000. So on the going into effect of the new rates the import statistics should show great increases, and a considerable amount of exchange will be required to settle for the foreign goods. One might expect that the distribution of the large mass of imports would favorably affect the traffic of the railways. The inward stream of goods should complement or balance to some extent the movement of cotton, wheat, corn, etc., to the seaports for export.

AN ILL ADVISED ATTACK.

The continued weakness of U. S. Government 2 per cent. bonds appears to have annoyed some of the Government officials at Washington. These bonds fell to 95½—a natural result of the uncertainty created by the wording of the new banking and currency bill. Yet the Secretary of the Treasury was so ill-advised as to ascribe the decline to the machinations of New York bankers anxious to defeat the currency bill.

POVERTY IN THE CAPITAL MARKET.

Reasons why for the Present "Indigestion"—Development of Backward Countries and Great Activity of Trade—Discrimination a Difficult Matter.

In an interesting article discussing the present condition of the London capital market, it is pointed out by the London *Economist* that in regard to British investments abroad during recent years, the capital raised has gone (if not into war) into new enterprises, which will not be immediately reproductive. Many of them will require the expenditure of more capital to bring them to the profit-earning stage. Money spent in building a hydro-electric station, for instance, or in irrigating a tract of dry land is capital wasted if the respective expenditure stops short before current can be generated or the dykes can be filled with water. The expenditure *must* go on.

DEVELOPMENT OF BACKWARD COUNTRIES.

The trade activity of the past three years, the *Economist* proceeds, is due very largely to the development of the resources of backward countries. The great volume of British exports is most certainly due in part to capital investment abroad. To complete their programmes, the directors of big enterprises abroad are relying upon their ability to borrow more upon the ultimate prospects of the enterprise. The money is not being wasted in the majority of cases; it is being exchanged for goods in Great Britain, and for labour in the developing countries. But there is a limit to the rate at which new countries may develop, and it is determined by the rate at which the surplus capital of the older countries accumulates. The present "indigestion" in the capital market is proof that the limit has been reached for the time being. Underwriters have stock upon their hands. The public has not only invested all its savings, but in addition has been tempted by the cheapness of new investments to copy the underwriter, and has purchased stocks with the assistance of overdrafts from banks. The insurance companies—perhaps the biggest force in the investment markets to-day—are about as full as they care to be. In normal times they anticipate a regular addition to their funds each year, and the calls on the issues they have taken up will probably take all their spare funds for some time, especially as they secure most of their investments as underwriters.

With the usual sources of capital run nearly dry, with industry at home finding full employment for all its liquid resources, it is evident that the applications for new capital must undergo some restriction. It is an easy and obvious remark that underwriters will be the better for a fast until the capital accumulations of the community catch up with the demand, but anything more than a postponement of new issues is not easily brought about. What is wanted is not postponement, but an adjustment of the demand for capital to the inelastic supply, and, above all, a cessation in the frightful waste caused by the Balkan war.

RESTORING THE BALANCE.

Berlin is said to be now in a more liquid condition than for some time past, though she has probably not any large margin for investment. London's exhaustion is only temporary, and is probably due in part to the disinclination of investors to buy stocks in a falling market. Paris has most on her hands just now owing to the large sums which her bankers have lent out to the Balkan States, on securities which the most optimistic cannot regard as liquid.

It is the realisation of this, continues the *Economist*, and the desire of the more cautious to restore their margin of liquid resources by reducing their liabilities, which has caused the slump in investment markets, and the enforced restriction of capital expenditure has also shown itself in the commodity markets, where the raw materials of many manufactures have fallen in price during the last month or so. The prices of most manufactured and semi-manufactured goods keep up because the materials for their manufacture were bought at high prices. But there seems to be a general inclination on the part of manufacturers to work off present stocks before buying more, and this desire is caused, no doubt, by a falling off in new orders.

INVESTOR'S CONFIDENCE NOT SHAKEN.

Very much depends on the amount of this falling off in orders. If it is but slight, there need be no actual liquidation of stocks, and the stream of

CHANGES IN THE BANK RETURN.

The new Bank Act having come into force on July 1, the monthly returns to the Minister of Finance which the banks are now engaged in making are for the first time in the new form prescribed by that Act. This new form differs somewhat from that which has been in force under the old Act for many years. In several instances, new returns are required; in others, returns regarding various items are required to be made in more detail than hitherto, and in addition there has been a certain amount of alteration in wordings.

More Detail Required.

It is on the assets side of the returns that the most notable changes have been made. The single item of specie which has been hitherto returned now figures as current gold and subsidiary coin, and requirement is made for its return under two headings, "in Canada," and "elsewhere." The column regarding Dominion notes is similarly divided into two. It will be remembered in this connection that one of the changes made by the new Act was that the banks' cash reserves in Canada only should consist of a minimum of 40 per cent. of Dominion notes, the prior requirement affecting the cash reserves of the banks wherever held. Obviously the change was a proper one. A new column is next introduced showing the banks' deposits in the new central gold reserve. "Notes of and cheques on other banks," a column which with the increase in the banks' business in recent years, has included some very large totals, is also split; each in future is to be returned separately. Foreign balances are in the new return included as respectively "due from banks and banking correspondents in the United Kingdom" and "due from banks and banking correspondents elsewhere than in Canada and the United Kingdom."

Loans to Public Authorities.

In the columns covering the banks' loans, several interesting changes have been made. "Call and short loans on stocks and bonds in Canada" is changed to "call and short (not exceeding thirty days) loans in Canada on stocks, debentures and bonds," and similarly "call and short loans elsewhere than in Canada" to "call and short (not exceeding thirty days) loans elsewhere than in Canada." "Current loans in Canada" is changed to "other current loans and discounts in Canada," and the wording of the column heading for foreign current loans is similarly changed. However, the most interesting innovation in connection with the banks' loans is the inclusion of a new column to show the banks' "loans to cities, towns, municipalities and school districts." In view of the speculations which have been lately made regarding the amounts lent by the banks to municipal authorities, the disclosure of this item in the July return will be particularly interesting and the monthly publication of the figures subsequently will be useful in throwing new light upon the trend of municipal financing. As was explained by Sir Edmund Walker the other day, the municipalities borrow from the banks in two distinct ways. They borrow to meet ordinary current expenses in anticipation of tax collections and also they have borrowed in anticipation of the sale of bonds, although in view of the changed circumstances of the London market, the latter practise is not now so frequent as previously.

Utility of the Changes.

The changes on the assets side of the banks' monthly statements are completed by an alteration in the column heading of bank premises which have now to be taken in "at not more than cost, less amounts (if any) written off" and by the inclusion of a column of "liabilities of customers under letters of credit," a *per contra* entry to the new column of "acceptances under letters of credit" appearing on the liabilities side. This and the inclusion of another new column "bills payable," are in fact the only changes made on the liabilities side of the return.

It will be seen from this summary that the changes in the bank return while not sweeping are of a character to make the return more informing and are likely to prove of considerable utility to all those who for one reason or another follow more or less closely developments in Canadian banking and the financial situation generally.

POVERTY IN THE CAPITAL MARKET.

(*Continued from p. 1073.*)

trade may flow on steadily, but at a rather less profitable level; the development of new countries may continue undisturbed, and all will be well. But orders must fall off sufficiently at some time or other to restore the balance between the world's actual savings and the credit which is being applied towards new enterprise. The investor's confidence is not shaken, and if he has money, he is ready to place it in anything which offers the prospect of a high return. If that confidence is to be maintained, the demands for capital must be restricted to those necessary to bring enterprises already begun to the reproductive stage. Strictly new enterprises can wait until capital is available for their development. The exercise of this discrimination, however, is not an easy matter. Issuing houses, underwriters, and public are always willing to put money into anything with prospects of a profitable return, and the distinction is hardly likely to weigh with the individual investor, however important it may be to the capital market as a whole.

THE STATIST AND CANADA.

Text of an Important Review of Canadian Economic Conditions—Capital Recently Borrowed for Foundation Purposes—Municipal Finance—Importance of Sound Banking System.

Reference was made in our front-page editorial last week to the important review of economic conditions in Canada which recently appeared in the London *Statist*. The whole article is a very interesting one and we therefore now publish the text of it:—

It has been well said that the greatness of England is realised only by persons at the ends of the earth. We have, however, no doubt about the verdict of the future historian who with knowledge appraises the contribution of England to the welfare of the race. No one, we think, will deny the great part played by the British people in assisting to build up the prosperity of the United States, through the provision of an immense amount of capital for railway and for other purposes without which it would have been impossible for that great nation to have developed in the wonderful manner which has marked its progress since railways were introduced. Again, no one acquainted with the facts will deny that the immense sums of capital provided by Great Britain for railway construction and for general development throughout South America, Australia, the greater part of Africa, India, and elsewhere have wonderfully contributed to the progess of the many countries in which the capital has been placed.

MAGNITUDE OF THE TASK OF DEVELOPMENT.

No work undertaken by the British people appeals to their imagination and to their pride as that of developing the natural resources of Canada, and enabling so vast a country to support an immense population of prosperous inhabitants through all the centuries to come. The work undertaken by the British people in Canada is indeed one of the greatest and most beneficent they have ever been privileged to perform. Month by month and year by year hundreds of thousands of the relatively poor of these islands and of Continental countries are attracted to a land where opportunities for advancement are unlimited, and by the aid of capital supplied by the investors of Great Britain are able to develop the great natural wealth of a virgin State. In the older lands the growth of population entails a comparatively small amount of extra expenditure, as roads and railways are already constructed and towns are laid out, but in a young country the situation is entirely different. Apart from the lands awaiting cultivation and the mines development, everything has to be built up from the bottom; roads have to be made, bridges constructed, railways built, towns planned, and houses, schools, churches, and business buildings erected, while all the machinery of modern life has to be provided. The initial cost of doing these many things is very great, especially when the country to be developed has an area of about 3,650,000 square miles, and is as great as the whole of Europe, including Russia. The work of development has made wonderful progress, thanks to the statesmanship of Canadian Governments, the great volume of capital supplied by this country, the vast numbers of immigrants and, we would add, a sound system of banking. The quantity of capital which Great Britain has already supplied to Canada has exceeded the sums which the statesmen of that country expected to obtain in a great many years.

MONEY WELL SPENT.

On the whole the money provided has been well spent, and will bring about an expansion in the productivity of the country which may be correctly described as immense without any very great burden of interest charge upon the Canadian people. The Canadian railways have raised the new capital required for great extensions at very low rates of interest, and although the capital supplied has attained large figures, the interest charge is still comparatively small. Moreover, the Canadian Government itself has provided a large part of the capital expended upon the National Transcontinental line out of its surplus revenues. In 1905 the railway system of the country in operation was no more than 20,487 miles. In the middle of 1912 the length of railway completed had risen to 30,000 miles, and by 1915 the railway mileage will probably exceed 35,000 miles, an expansion in a single decade of 15,000 miles, or nearly 75 per cent. When one remembers the vastness of the country and the attractions it offers to newcomers, one realises that a railway system of even 35,000 miles is very small, and that it must be greatly extended as population expands. It is not improbable that the railway mileage of Canada will again double in the next fifteen years.

GROWTH IN CROP PRODUCTION.

The greater part of the increased mileage constructed in recent years has been built in the Northwest provinces, and has already resulted in the cultivation of large areas and an expansion of several-fold in production. The area planted to wheat, oats, and barley alone in the three Northwest provinces has grown since 1905 from six to nearly fifteen million acres, while the production of these three cereals has increased in seven years from 162,000,000 bushels to 432,000,000 bushels. Throughout Canada the area sown to field crops last year was 32,449,000 acres, and the value of the harvest, calculated at the average local market prices, was no less than $511,-000,000. With a population of about 8,000,000 this represented an average production from foodstuffs alone of $64, or nearly £13, per head. And beyond this Western farmers are paying increased attention to raising stock. The growth in the acreage in the coming years will be quite as rapid as it has been in the immediate past; indeed, we venture to think it will be even more rapid, and that before long the acreage planted and the value of the crops will be nearly twice as great as at present. The rapidity of the growth in production in the last few years, in comparison with former periods, will be evident from the following contrast:—

TOTAL PRODUCTION OF WHEAT, BARLEY, OATS AND RYE IN CANADA.

Census Years.	Production Qrs.	Increase each Ten Years. Qrs.
1911	76,000,000	+48,000,000
1901	28,000,000	+ 7,000,000
1891	21,000,000	+ 6,000,000
1881	15,000,000	+ 6,000,000
1871	9,000,000	....

In 1912 the yield per acre, owing to weather conditions, was rather less than in the previous year, while the crop of cereals was about the same. Of course, crops fluctuate from year to year according

A TIME-TRIED INVESTMENT

This is not only one of the largest and strongest, but also one of the oldest of the Canadian financial institutions. It has a record of more than half a century of steadily increasing success, stability and strength. In this time an experience has been gained which entitles its Directors and Officers to be considered experts in the selection of choice, safe securities for the investment of its funds.

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Notice is hereby given that a Dividend at the rate of Seven per cent (7%) per annum upon the paid up Capital Stock of this Bank has been declared for the three months ending the 31st August, 1913, and that the same will be payable at its Head Office and Branches on and after Monday, September 1st, 1913. The Transfer Books will be closed from the 17th to the 31st August, 1913, both days inclusive.

By Order of the Board,

JAMES MASON,
General Manager

Toronto, July 16th, 1913

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to the weather conditions; nevertheless it is apparent that, on the average, a very great increase in the agricultural output is taking place.

CAPITAL USED FOR FOUNDATION PURPOSES.

In considering the credit of Canada, investors should not fail to take into account the important fact that the large amounts of capital recently borrowed in this country have been for what may be termed foundation purposes, and that the amount of capital required in future in proportion to production will not be nearly as great as hitherto. For instance, a main line of railway is a relatively expensive piece of machinery, while a branch line is comparatively inexpensive. Canada will soon have provided herself with all the main lines of railway she will need for a number of years to come, and the additional sum of capital needed for the construction of branch lines will be relatively small in proportion to the increased production they render possible. If Canada succeeds, as we believe she will do, in meeting all the obligations she has incurred in constructing the foundations, her ability to meet her obligations in subsequent years, when the burden of interest in proportion to production and income will be much smaller, will not be in question.

MUNICIPAL BORROWINGS.

It has recently been pointed out that the weakest spot in the financial situation of Canada lies in the borrowings by small municipalities. Doubtless these borrowings will ultimately prove of great advantage, but it would certainly have been wiser for the small municipalities to have waited, and, as it were, muddled along without any heavy burden of interest until they were in a position to borrow without embarrassment. But even the municipalities which may have borrowed larger sums than their rateable value in a period of depression may warrant, may succeed in getting through without serious difficulty. In gauging the strength of these smaller municipalities, it should not be forgotten that the Canadian Government is alive to the necessity of assisting and protecting the credit of the country wherever it may seem to need assistance. Its action in guaranteeing the First Mortgage bonds of the Grand Trunk Pacific and Canadian Northern railways rendered valuable assistance to these two companies in raising the great sums of capital required for their construction. Moreover, its recent action in giving fresh help to the Grand Trunk Pacific and the Canadian Northern railways in completing the construction of their systems is further evidence of wisdom and of benevolence. The Canadian Government has recently arranged for a loan of $15,000,000 of cash at 4 per cent. for 10 years to the Grand Trunk Pacific Railway to enable the Company to complete its lines and to provide equipment. It has also agreed to grant an extra subsidy of $10,920,000 to the Canadian Northern to enable it to complete its transcontinental railway from Ottawa to Port Arthur, and of $3,120,000 in connection with a line of 260 miles from Edmonton to the British Columbia boundary, as well as a normal subsidy of $1,600,000 in connection with a line of 250 miles from Toronto to Ottawa.

GOVERNMENT AND MUNICIPALITIES.

In recent years the Canadian Government has derived a great revenue from its Customs duties, and is consequently in a position not only to assist the railways to complete their transcontinental lines, but to take any other action essential for the credit of Canada. Should it be found that some of the smaller municipalities have borrowed rather more money than they can well take care of under existing circumstances, it is not improbable that the Canadian Government will assist them by some means or other, directly or indirectly, to balance their accounts until their populations and their incomes permit them to take care of their obligations without unduly burdening their citizens.

It is obvious that the effect upon Canadian credit of any inability on the part of muncipalities to meet their obligations would be out of all proportion to the amount of money involved, and inasmuch as the Canadian Government has shown so much wisdom in managing the finances of the country and bringing about a great development at small cost to the people of Canada, we have no doubt that it will, if absolutely necessary, be prepared to grant assistance to the municipalities.

SUGGESTED LOCAL LOANS FUND.

Doubtless the Government will not do this without taking precautions against any subsequent over-borrowing, and will exercise a certain measure of supervision over the finances of all Canadian municipalities in future. This would be in line with the policy of this country in placing a limit on the borrowing powers of municipalities and in rendering assistance to the smaller municipalities by lending them money at a low rate of interest by issuing local loans stock with a Government guarantee. By exercising general supervision over the borrowings of municipalities, and by creating what may be termed a Local Loans Fund for the assistance of the smaller municipalities, the Government of Canada would undoubtedly remove an unexpected source of danger, while enabling the municipalities to borrow on much easier conditions than they can raise money at present. The municipalities are, of course, directly responsible to the State authorities, but, if necessity demands, some arrangement can doubtless be made to employ jointly the credit both of the Dominion and of the Provincial Governments for the purpose of assisting the smaller towns.

C.P.R. BONDS.

Some misapprehension recently arose as to the offer of the Canadian Pacific Railway to redeem in cash £7,191,000 of five per cent. bonds which do not mature until July, 1915. It was anticipated that holders of these bonds to the extent of only about £1,500,000 would accept repayment in cash at once, whereas the applicants for cash reached about £4,200,000. This caused a scarcely anticipated demand upon the Company's bankers—the Bank of Montreal—for about £2,500,000 of extra money. The bonds will, of course, be paid off out of the £21,000,000 of new capital issued by the Canadian Pacific Railway at the beginning of January, and upon which the remaining two instalments of 20 per cent. each are payable in August and October. An offer has now been made to redeem the balance of the bonds—£3,000,000—on January 1 next.

IMPORTANCE OF BANKING SYSTEM.

Canada is indeed fortunate in possessing among its many banks an institution as strong as that of the Bank of Montreal, which, while supplying a large part

of the banking facilities of Canada, does not forget the importance of taking care of the country's foreign obligations. A borrowing country can, of course, never be certain that the influx of capital will continue without a halt, or that some accident to its crops may not temporarily affect its ability to pay for its imports and meet the interest upon its debt to an outside country. In consequence of the knowledge that has been gained, not without experience of an unpleasant character, all the borrowing countries have built up large balances with which to meet any adverse condition of the foreign exchange. The Indian Government possesses not only a large stock of gold, but a great quantity of securities which it can at any time sell should a failure of the monsoon create difficulties in meeting its obligations for interest and services by exports of produce. Argentina possesses a stock of gold in Buenos Ayres amounting to £52,000,000, a stock which would become largely available for export should the trade balance of the country with other nations render an export of gold essential. Brazil has now built up a stock of £25,000,000 of gold, and this is also a fund which in case of necessity would be available for export. The United States possess an immense amount of gold both in the Treasury at Washington and in the banks which would be available for export should necessity arise. Canada also owns a large balance of cash available to meet any adverse movement of the exchange. At the end of May last the balance amounted to nearly £20,000,000, plus any sums of gold in Canada which could be made available. This balance of £20,000,000, or $96,000,000, consists of gold and short loans made by the Canadian banks in New York and in London. The greater portion of this cash balance is owned by the Bank of Montreal, which has no less than $54,365,000, or £11,000,000 sterling of money, on call in New York and London.

BALANCES GIVE CONFIDENCE.

At a time such as this, when the world is experiencing some difficulty in obtaining supplies of new capital in consequence of the political situation in the Balkans and the indisposition of Continental and American investors to place their capital freely, the existence of these large Canadian balances in New York and in London gives a measure of confidence to the Canadian people which otherwise they could not enjoy. Furthermore, the Bank of Montreal is the banker of the Canadian Pacific Railway, and receives the large sums of capital raised from time to time by that great undertaking. Indeed, in considering the financial situation of Canada in all its aspects, the ability of the Canadian Pacific Railway to raise capital under any conceivable circumstances should not be overlooked. During the past year the Canadian Pacific has earned a profit upon its stock equal to a dividend of 20 per cent., and not only is there no difficulty in maintaining the 10 per cent. dividend, but a still larger dividend could be and may be paid. One cannot imagine a condition of things, therefore, that would prevent the Company from raising all the additional capital it may require; and the capital raised by the Canadian Pacific for the construction of branches is a factor of importance in considering the trade balance of the country at any given moment.

A third factor of importance is the high credit of the Dominion Government, which has not added appreciably to its indebtedness for many years.

In 1892 the net debt of Canada was $241,000,000, and last year was still only $340,000,000, an increase of no more than $99,000,000, or £20,000,000, in 20 years; while the increase in the funded debt of the country in this period was less than $70,000,000, or £14,000,000. The total amount of funded debt is $276,000,000 or £56,000,000. It is obvious that the Canadian Government would have no difficulty in raising loans for considerable sums if it needed to do so to provide for the capital expenditures of the country on railways and other public objects.

IMMENSE INCREASE OF PRODUCTIVE POWER.

In brief, it is evident that the country has now almost accomplished the large amount of foundation work and initial capital expenditure which could not be avoided, and that comparatively small expenditures of capital in the next decade in proportion to the growth of population will immensely increase the productive power and income of the country. Provided that British investors have no real cause to question the safety of their capital in consequence of inability of municipalities or others to meet their interest obligations, there are good grounds for expecting that British capital will continue to flow into Canada in order to continue the work of development which has made such wonderful progress in the last few years. Doubtless, the relatively high rates of interest which capital now commands throughout the world will confine the demands for capital for a time, at any rate, to really strong borrowers able to satisfy their needs at reasonable rates. However, this applies not only to Canada but to all countries.

BRITISH BANKS REALISING INVESTMENTS.

One Reason why for Recent Depreciation in Securities—Preparing for the Autumn.

Several of the half-yearly statements of the British banks recently published show a heavy reduction in the amount of investments held in comparison with the immediately preceding balance sheet and that for the corresponding half year of 1912. It is fairly obvious that securities have been sold to some considerable extent by the banks in question during the past twelve months, and if, as may reasonably be presumed, other large banks and finance houses have been following the same course, the continued depreciation in the value of London Stock Exchange securities can be well understood.

BANKERS GETTING READY.

Although at the present moment money appears to be plentiful, observes a London commentator on these facts, yet bankers, and all interested in finance, cannot help but look forward to the coming autumn with a certain amount of fear. This is undoubtedly having the result of inducing all parties, both in Great Britain and abroad, to endeavour to build up their reserves at the moment, so that they may be in a position to favorably meet any demands which may be made upon them during the harvest period. In some quarters the suggestion has been made that when the time does come we may be happily surprised by finding that the preparations have been overdone,

and that the dreaded scarcity of money and tightness of credit are thereby avoided; but probably this outlook is too much tinged with optimism. Naturally, in all these anticipations the question of the harvests in the States and Canada bulks very largely, and, having regard to the considerable amount of gold which has been lost from the States during the present year, should the harvest come up to expectations it may be anticipated that the market will need to draw from Europe—which would probably mean from Great Britain—fairly considerable amounts of gold in the autumn.

EQUITABLE OF NEW YORK STARTS MONTHLY PREMIUM PLAN.

An important innovation is announced by President William A. Day, of the Equitable of New York, who states that the Company is now prepared to extend the monthly premium plan of insurance to every State where the Company is authorised for its regular business.

SOME OF THE ADVANTAGES.

In making this announcement to the field force, President Day observes:—

"There are many people who have been attracted to the Equitable and who could easily have been persuaded to take insurance but for the fact that it was not practicable or convenient for them to pay premiums annually, semi-annually, or even quarterly. Such people will regard it as a great privilege to be able to obtain Equitable insurance and pay for it in monthly instalments. There are others who in a general way believe in life insurance and would be glad to have such protection as the Equitable offers, but who have the impression that such insurance is beyond their reach, and who could be attracted by the monthly premium plan.

"In most fields the offer of insurance on the monthly premium plan will be something altogether new, and nothing helps the active agent more than to have a novelty to announce and explain, when it possesses real merit.

"The facilities which this plan will give our representatives, will open a broad field which thus far has necessarily been neglected—people to whom our agents have not thought it worth while to go because it has been obvious that all their financial arrangements were based on monthly incomes and monthly expenditures.

It is doubtless true that multitudes of people who have taken insurance elsewhere because it has been offered to them on a monthly plan would prefer the absolute protection now offered on the monthly basis by a company whose reputation for strength and prompt and liberal dealing is well known in every community throughout the length and breadth of the land."

ALL STANDARD POLICIES SOLD.

All the standard policies of the Equitable may hereafter be written on the monthly premium plan with a loading of 10 per cent. over the annual rates to meet the interest charges. This 10 per cent. increase on the annual yearly premium compares with a loading of 6 per cent. on the ordinary quarterly premium plan.

The new plan, it is also believed, will encourage saving and economy on the part of policyholders, for there are many homes where it is possible to put by so much a month for any cause, just like rent, but where lump payments of $100 are a distinct hardship. Another feature of the plan is that a policyholder may become insured at once for a very large amount, by the payment of a relatively small initial premium. For example, by the payment of a first monthly premium, the full amount of insurance desired is placed in force at once. If the policyholder's financial condition makes it necessary for him to wait to take out the large policy which he desires, it is possible that his money might be spent for other purposes and that he would never secure the desired amount.

The cash surrender, loan, extended insurance and paid-up insurance values, which are inseparable parts of the Equitable policies, are also found in the monthly premium contracts. In fact the only difference in the monthly premium policies from the kind which have always been issued is that the payments are divided into twelve units instead of into one, two or four, as was formerly the case.

WILL WORRY FRATERNALISTS.

Several critics find in this plan a means whereby members of fraternal orders, many of whom are accustomed to pay their assessments on this basis, will be encouraged to take out legal reserve life insurance at a low monthly cost not much greater than the rate prevailing, in some fraternals at least. "When the group insurance proposition was launched by the Equitable," observes the *Insurance Press*, "some fraternals tried to attack it on the ground that it was trespassing on the fraternals' preserves. The monthly premium proposition, while different, will undoubtedly cause fraternalists much more worry than the group plan, as one of the chief arguments of the fraternal orders is small and frequent payments. Now payments may be made on the same basis in a legal reserve company. The monthly premium plan is undoubtedly destined to wean away fraternalists or at least influence them to augment their present insurance. The fact that the monthly premiums are only loaded 10 per cent., shows that the company writing them is anxious to give policyholders the best facilities possible at the lowest cost consistent with safety."

Holders of Spanish River this week received notice of a common stock dividend approximating 10 per cent. of the holdings of preferred stock and 20 per cent. of the holdings of common stock. This represents what Spanish River shareholders get out of the recent deal with Lake Superior Paper.

* * * *

The London *Times* publishes a list of the principal fire losses believed to have been caused by suffragists. Though in all the cases there has been reason to suspect the work of suffragists, the evidence has not always been strong. The total cost, including £20,000 as the amount of damage done to Sir William Lever's bungalow, amounts to nearly £115,000. The list includes 18 fires, and an analysis of the property shows that the outrages occurred at eight private houses, three cricket pavilions, two churches, two railway stations, two racestands, and at a boathouse.

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Responsible Agents wanted in Montreal and Province of Quebec.

AUTOMOBILE INSURANCE.

(*A. T. Graham, in The Spectator.*)

(*Continued from page* 1059.)

AUTOMOBILE RATING SYSTEM.

The automobile rating system in force in the United States at the present time is so complicated that insurance agents and brokers generally do not pretend to understand it. This system is the outgrowth of the experience and ideas of different interests; but it will, no doubt, have to endure until something better can be devised. It must be remembered that no truly scientific plan of rating can be prepared until actual experience furnishes the data upon which to base it.

The rate schedule in force to-day provides starting or basic rates under twenty-four different headings embraced in two schedules, known as No. 1 and No. 2. These headings are denominated "A to H" and "J to M." These letters of the alphabet indicate, in Class No. 1, original list prices of cars when new, excluding cost of additional equipment and extra bodies. Class No. 2 schedule covers rates on old cars and cars not in the hands of first owners. As a car decreases in value from age, wear, tear and other causes, the rates increase under each of the alphabetical denominations enumerated, stopping only when the value left is indicative of what may be regarded, from an underwriting standpoint, as an uninsurable risk. The maximum rate shown in these schedules is 4⅞ per cent. If the underwriter is willing to write a car for any amount below the minimum for which a rate is provided, it is optional with him to charge a higher rate, if it can be collected. These schedule rates apply to private pleasure gasoline automobiles and commercial cars only.

Electric cars may be insured at 1½ per cent. for any amount, or for 1.375 without theft.

Private and commercial steam cars, of current or succeeding year's model, may be written at 3 per cent., and older models at 3½ per cent. If the boiler and burner are located in front of the dashboard, the rate may be reduced one-quarter of 1 per cent. in each case. One-eighth of 1 per cent. may be deducted for the elimination of theft.

If a car is used for carrying passengers for compensation, the schedule rate is increased 1 per cent.

Cars in the hands of dealers, if second-hand, are insurable at 1 per cent. over the schedule rates for dealers.

The rates charged by the automobile and liability companies for collision damages sustained—that is, collision damage to the car insured—on private gasoline, steam and electric cars and cars of sales agencies, run from $28 to $200, according to the type and value of the car insured. The rate manual prescribes twenty-six different premium charges, each charge being designated by a letter of the alphabet for the sake of convenience. These premiums are computed at 2 per cent. of the original list price of the car, with equipment, except that the minimum charge is $28 and the maximum $200. Lloyds rates for this coverage are 5 per cent. less than the stock companies' rates.

OTHER CHARGES.

It will be observed that these are flat premium charges, the practice being to charge the same premium every year, regardless of the amount of the policy. At first glance this rule may appear to be inconsistent, but it must be remembered that the partial loss liability increases with age and thus offsets any advantage that the insurers might have by reason of a diminishing *total* loss liability. In the event of a partial collision loss to an *old* car, it is difficult, in many instances, to secure depreciation, and quite impossible for the adjuster to determine the value of the parts destroyed by the accident; therefore, the assured receives the benefit of the doubt by having the damaged or destroyed parts replaced by new parts, the same as would have to be done if the car were new. Consequently, there is an element of fairness in charging the same premium for this risk every year as long as the car is considered insurable.

The liability and automobile companies write collision on livery cars not equipped with taximeters at an additional premium of 20 per cent. of the private car rates, and charge on taxicabs a flat rate of 4 per cent. of original list price plus cost of extra equipment. In other words, taxicabs take twice the rate for private cars.

On commercial and demonstrating cars all companies charge, for collision, 2 2-5 per cent. of total original cost, and on purely commercial cars Lloyds have a differential of 5 per cent.

All companies charge flat premiums for property damage or third party liability. These premiums range from $10 to $26.50 on all gasoline cars, unless used for demonstrating, commercial or livery purposes, in which case the charge is 40 per cent. of the premium charged for liability insurance on such cars. Each one of these different premiums pays for $1,000 property damage *only*, and these premiums are all based on the horsepower.

Every electric car takes a premium of $7.50 for this coverage.

Lloyds shade all property damage premiums 5 per cent., but do not limit liability to $1,000, as is the practice of the companies.

RATES SHOULD BE SIMPLIFIED.

I believe the existing method of rating motor cars can and will be materially simplified. At present it is altogether too cumbersome and unintelligible for practical use. I believe the minute classification of cars by list prices can easily be condensed into at least three classes, to be known as A, B and C, without impairing the tariff as a revenue producer.

An additional rate could be charged for collision based on original cost price, and the charge for property damage should be based on the weight of the car, and not the horsepower. The extent of third party damage depends very largely upon the ability of the colliding car to damage the thing collided with. A heavy car coming in contact with a light car is quite likely to damage the latter to a greater extent than would be possible if the impact were caused by a light body. On this theory the more a car weighs, the higher the rate thereon should be for property damage insurance.

What we need to know in this business more than anything else is the combined experience, for several years, of all the companies and of Lloyds, with the perils insured against. A universal classification system of premiums and losses should be adopted and the business classified back as far as possible. The results could be furnished to disinterested parties, and they, in turn, could supply compiled statistics to a committee of automobile underwriters, who would then be in a position to intelligently formulate a schedule of rates that would have some merit, which

is more than can truthfully be said of the present system.

More Stringent Laws Needed.

Another important matter that should receive the earnest consideration of automobile underwriters is the question of more stringent laws against careless operation of cars. Chauffeurs, and even owners of cars who do their own driving, should not only be licensed, but should also be compelled by law to make reports of all accidents to the authorities on blanks provided for that purpose. If the driver of a car should have two accidents in one year, for which he cannot account to the authorities in a satisfactory manner, he should be prevented from receiving a renewal of his license, and if he has more than two such accidents his license should be revoked. Such a law would not only reduce collision losses to property, but it would also prevent many fatal and non-fatal accidents to persons.

Automobile dealers generally in Chicago have, for some unaccountable reason, pursued a short-sighted policy by making outrageously high charges for repairs, thus compelling the insurance companies, who have depended upon their estimates, to pay many excessive partial loss claims. For the last eighteen months Chicago has had a repair shop operated by insurance men for the benefit of the companies. Practically all the insurance work is handled through this shop, at a saving to the companies of from 40 per cent. to 50 per cent.

THE DEVELOPMENT OF CONSEQUENTIAL LOSS INSURANCE.

(H. W. Connell, Commercial Union Assurance Company.)

(Continued from page 1055.)

Liability for Increased Cost of Working.

Turning now to the liability for increased cost of working which is not controlled by turnover, there does not generally appear to be an adequate safeguard to the company to prevent the insured from increasing unreasonably the cost of continuing business. The claimant may wish to pay such exorbitant prices for raw or partly manufactured material that it would involve the company in greater loss to pay for such increased cost than to pay the insured percentage of decreased turnover. As to whether the insured would be entitled to do this would appear to hang on the question whether such increased expenditure were "necessarily incurred to continue the business." The insured would argue, and perhaps rightly, that it was necessary to conserve his connection, and, as the usual contract is framed, it is purely a matter of opinion as to how far he is justified in spending the company's money to that end. If the insured states that he considers such steps necessary in the interest of his business (and no doubt he would add he would adopt that course himself even if he were not insured) the accountant would not be in a position to contradict him, and, that point established, the company would have to pay. For instance, suppose an insurance of £12,000 and an indemnity period of, say, six months; a fire occurs at the end of January and the accountant finds that the turnover for the previous months was £120,000, and the sum insured does not exceed the actual net profits and standing charges. The percentage payable on decreased turnover is therefore 10. Assume the turnover in February of the previous year was £10,000, being the price of goods sold and delivered. The works are partly disorganised only and they would be able to complete orders to the value of £5,000 during February. The assumption on which the policy is based is that there are orders for a further £5,000 which the insured is unable to execute on account of the interference of fire and the company should therefore be liable for 10 per cent. of this, *i.e.*, £500.

If, however, the insured elects to complete his customers' orders, at whatever cost, he may quite conceivably, expend, say, £5,250 in producing the finished article by buying and having work done elsewhere. As a £5,000 selling price should normally bring him a profit of 10 per cent. *i.e.*, £500, his normal cost of production for the same goods is £4,500. The increased cost for which the company is liable is therefore £750, against £500 in the previous circumstances. That is 50 per cent. more in the first month than if the remaining orders were refused and the fire allowed to do what might have been considered its worst. And so on until the damage is fully repaired or the period of indemnity expires. It would appear as a first impression that such a position is defeated by the clause usually inserted in the policy to the following effect:—

> **"Provided that the total liability of the Company in respect of any fire shall not exceed the sum which would have become payable if the business had been entirely stopped by the fire."**

A little examination will show that this clause only affects the difficulty when the loss for the indemnity period is total, but makes no difference to the instance of partial stoppage I have illustrated. It would, in the example given, limit the loss to £1,000 for the first month—that is, the actual profits and charges per month which might be lost in total stoppage; but in the partial interruption it would not prevent £750 being paid for what should have been only half a total loss, *i.e.*, £500. It is true the insured would get no direct gain from the increased cost. The firm from whom he bought would get the advantage of it; but if the insured were interested in the two firms, or there were kindred interests, the position is more undesirable. One method of safeguard would be to limit the total expenditure allowable for production to the sale price. This would have the corresponding effect on a partial loss to the clause mentioned which limits a total loss. At least one office has a clause reading as follows:—

> **"In the event of it being possible for the Insured to carry on his business wholly or partly in other premises or by the purchase of goods to supply his customers or by any other reasonable means the Insured shall use such means and the Company will indemnity the Insured in respect of the Additional cost entailed, provided that satisfactory proof is forthcoming that the claim fo rsuch additional cost is reasonable and that the Compensation which would otherwise be recoverable from the Company will not be increased by the adoption of such means."**

The final sentences meet the case, but the majority of offices are without such a safe-guard. I believe some had it in their earliest policies and allowed it to drop out in the subsequent process of making the document more concise.

Fines and damages for breach or late completion of contracts can be specially included as consequential loss, as also can wages to employees in lieu of notice.

Some companies have also coquetted with the in-

surance of loss consequent on the breakdown of engines and machinery, but the departure has not been generally adopted.

DEPRECIATION OF STOCK.

A notable item which does not come within the scope of a consequential loss policy is loss or damages on account of depreciation of stock. Of course, depreciation directly attributable to fire, such as smoke or water damage, is covered by the ordinary fire policy, as also is usually depreciation of property in cold stores resulting from change of temperature through dislocation of the refrigerating plant. There are many trades, however, in which perishable goods are manipulated, where stocks would be rapidly ruined unless they were carried through their processes without delay. A simple instance is a jam factory. If the boiling pans were destroyed, although the fruit were untouched, it would repidly depreciate if allowed to remain in its raw state. Such a loss is not covered by either a fire or a consequential loss policy. Similarly, in a tannery, hides in the pits untouched by fire would depreciate if not removed from the liquids and passed through their subsequent processes. I refer to the more speedy methods of mixed tannage and chrome tannage, commonly in use, rather than to the oak bark method under which an additional period of submersion in the liquid would probably have no detrimental effect. Even in a retail business large tradesmen dealing in poultry, game, fruit and fish may at the time of a fire gutting their shop have stocks in warehouse, in transit or on contract in such a way that they must accept delivery at once, and unless they can find an immediate market the result is obvious. To give protection against such losses does not seem so great a departure from the old idea of indemnity against fire as the present policy covering loss of profits. Probably, as the class of business develops further, a demand for the inclusion of depreciation of stock will spring up and be met.

METHOD OF RATING.

The method of rating is such that it is controlled by the average rate for the material fire insurance, varying percentages being charged according to the period of indemnity. The question has been raised as to whether this is adequate, because a large consequential loss may accrue even though the material loss is small, and that therefore the rate should be higher or at least as high as the fire rate. It must not be lost sight of, however, that there are several contra arguments. It is quite possible for considerable material damage to be done without the progress of business and the consequent profits being interfered with. For instance, in some trades large warehouse damage to stock may be done without preventing the execution of orders, if sufficient stock is left in hand in that or other warehouses to supply immediate demands whilst the factory is working at increased pressure to replace the depletion. Similarly, the manufacturing portion of a risk may be completely disorganised by a fire doing great material damage, but if it happens at a time when large stocks are on hand in a separate warehouse the damage may be repaired and the works be producing again before the warehouse is cleared by sale. I have a case in mind which conveniently gives instances of both contingencies. A firm manufacturing agricultural machinery and implements has its business roughly divided into two parts, chiefly manufacturing for the warehouse in the autumn and winter, and selling from the warehouse in the spring and the summer. The works and warehouse are quite separate. It will be readily seen that a fire in the works in spring would have very little effect on the turnover, because most of the stock would be intact and ready for sale. All they would lose would be the orders for the small percentage of specially made machines and repairing work, provided the works damage could be reinstated by autumn. Similarly, if the warehouse were destroyed in autumn, when the stock was low and the orders very few, the works would not be prevented from manufacturing to prepare for the spring demand.

SIGNIFICANCE OF SUMS INSURED.

Perhaps the most important point to consider in comparing the fire and consequential loss rates is the relative significance of the sums insured. In fire insurance the total destruction of the material insured means a loss of the whole sum insured. Under the consequential loss policy on the same mill it is not so unless the period of indemnity is at least twelve months, and even then it is extremely unlikely that the stoppage will be total over the whole period. As mentioned previously, the sum insured must represent the net profits and standing charges for twelve months, irrespective of the period of indemnity, and, as the policy limits the total liability of the company to the amount which would have become payable if the business had been entirely stopped, no addition to this figure can be made in respect of increased cost. Therefore, the total liability under a six months' indemnity policy is approximately half of the sum insured; also there is likelihood of a further reduction of the loss by the business being wholly or partially restored before the expiry of the indemnity period. It will be noticed, I said, that the total liability was *approximately* half the sum insured. In the ideal case where the turnover is the same each month it is exactly so, but in practice it is more or less according to whether the interruption occurs in the busy or the slack season. In the extreme case of the hotel at the seaside resort which closes in the winter months, the twelve months profit is probably also the six months profit, and the liability may therefore be total or *nil*, according to whether the fire occurs in the summer or the winter. The fact remains that the company is only liable for six, three or one month's net profits and standing charges, and, leaving out the question of moral hazard, a fire is no respecter of the state of trade and may occur at any part of the year, so that the average total liability is half, a quarter or one-twelfth of the sum insured only in respect of any one fire, according to the period of indemnity. Two or more fires within the year of insurance may, however, involve a larger loss without additional premiums being chargeable for reinstatement of the amounts of losses paid.

(*To be continued.*)

According to a statement issued by Fire Commissioner Lindback, up to July 1, the fire losses for Manitoba reached $874,567, of which Winnipeg's share is $229,104, while the rest of the province foots up the balance, $645,463. In comparison with the corresponding period of 1912, there is a decrease of $92,273.

PERSONAL PARAGRAPHS

Mr. J. M. McKechnie, actuary of the Manufacturers Life of Toronto, has been elected a fellow of the Institute of Actuaries of Great Britain. Mr. McKechnie was the only one of sixteen candidates successful at the recent examinations resident outside the United Kingdom.

* * * *

The death is announced at Quebec of Hon. John Sharples. For a number of years Mr. Sharples was president of the Union Bank, and on the removal of that bank's head office from Quebec to Winnipeg recently was appointed its honorary president. Holding many positions of trust and honor, Mr. Sharples was widely respected.

CANADIAN FIRE RECORD

(Specially compiled by The Chronicle)

TRENTON, ONT.—Meyers homestead damaged, July 27.

LISTOWEL, ONT.—Queen's hotel gutted, July 24. Loss, $10,000.

QUEBEC CITY.—Fire on Notre Dames des Anges street, did $20,000 damage, July 27.

WINNIPEG.—Canada Cement Company's boarding house at St. James, destroyed, July 23.

SANFORD, MAN.—G. M. Verral's stable burned with 19 horses. Loss, $7,000. Little insurance.

LACHINE, QUE.—Lighthouse on wharf damaged, July 26. Origin, carelessly thrown match.

PERTH, N.B.—Residence of Walter Brooks and Baptist Church burned, July 24. Loss, $5,000.

BIG RIVER, SASK.—R. C. Church burned, July 17. Loss, $4,500. Insurance, $3,500. Origin, unknown.

MATAPEDIA, N.B.—Gillis' store, Post Office, Ferguson hotel and Restigouche hotel destroyed, July 28.

CHARLOTTETOWN, P.E.I.—A. Pickard & Co.'s building destroyed, July 16. Loss, $8,000. Origin, unknown.

EARL GREY, SASK.—S. W. Dawson's & Co.'s store destroyed, July 14. Loss, $15,000, partially insured. Origin, unknown.

HENSALL, ONT.—G. Joynt's apple evaporator destroyed, July 15. Loss, $9,000. Insurance, $5,900. Origin, unknown.

LEAMINGTON, ONT.—F. Wigle's barn and outbuildings at Point Pelee destroyed, July 27. Loss heavy. Supposed origin, sparks.

ORILLIA, ONT.—Pattern house, large storage shops and wooden buildings of E. Long Mfg. Co., destroyed, July 26. Loss, $5,000.

COBOURG, ONT.—Shed in rear of Lemon Bros. store and back of Barfett Bros. hardware store damaged, July 27. Loss, $5,000. Origin, unknown.

ORANGEVILLE, ONT.—Hilliard Anderson's house destroyed with contents, July 27. Origin, incendiarism. Loss, $2,000. Insurance, $500 in Peel Mutual.

LINDSAY, ONT.—Barn of Arthur Fells, Mariposa, burned, July 28. Talbot Jellett's premises, Camden township, burned, July 28. Origin in each case, lightning.

ST. CATHARINE'S, ONT.—Two barns and drive shed, owned by John Hostetter, Niagara township, destroyed, with contents, July 27. Loss, $7,000; insurance, $600.

WELLAND, ONT.—William Smith's barn, Crowland township, destroyed, with contents, July 28. Loss partly covered by insurance in the Bertie & Willoughby Insurance Co.

BROCKVILLE, ONT.—Boathouse owned by G. Marron, Owen Sound, and occupied by Booth Bros, damaged, July 27, with launch and several skiffs. Part of C.P.R. pier also destroyed.

NIAGARA-ON-THE-LAKE, ONT. — John Henigan's barns and outbuildings, five miles south, destroyed, with contents, July 28. Buildings partly covered by insurance. Loss, $5,000. Origin, lightning.

BEAVERTON, ONT.—R. E. Gunn's barn on Dunrobin farm destroyed, July 28. Loss, $4,000, partly insured. Miss Jardine's two barns, Thorat township, destroyed, July 28. Small insurance. Origin in each case, lightning.

BROCK, SASK.—About half the town wiped out by a fire which broke out in a barn, July 27. Hyde's barn, the Johnson implement business, Rife's drug store, Keil's hardware store, Ward's general store, the old post office and many other buildings were completely gutted. Loss, $150,000.

BRANDON, MAN.—Telephone exchange damaged, July 24. Loss, $2,000. Supposed origin, incendiarism.

Following fires have lately taken place here as the result it is believed, of incendiarism:—An old unused elevator of the C.N.R., burned July 16; Lamont's coal shed, damage estimated at $2,000, July 18; Crysler Bros. store, Second street, loss $10,000, July 19; kitchen in the rear of a store on Tenth street, damage $50, July 20; small frame building adjoining the premises of the Brandon Construction Company, July 22. All these fires occurred between 2 and 3 o'clock in the morning.

Traffic Returns.

CANADIAN PACIFIC RAILWAY.

Year to date.	1911.	1912.	1913.	Increase
June 30.....	$47,087,000	$59,342,000	$64,323,000	$4,981,000
Week ending	1911.	1912.	1913.	Increase
July 7.........	2,096,000	2,571,000	2,700,000	129,000
" 14.........	2,170,000	2,701,000	2,604,000	Dec. 97,000
" 21.........	2,120,000	2,593,000	2,608,000	15,000

GRAND TRUNK RAILWAY

Year to date.	1911.	1912.	1913	Increase
June 30.........	$22,521.022	$23,855,411	$27,138,193	$3,282,782
Week ending	1911.	1912.	1913.	Increase
July 7.........	943,095	1,012,051	1,087,463	75,412
" 14.........	994,800	1,037,863	1,131.358	93,495
" 21.........	960 016	1,077,951	1,164,836	116,885

CANADIAN NORTHERN RAILWAY.

Year to date.	1911.	1912.	1913.	Increase
June 30.......	$7,152,600	$9,203,900	$10,739,900	$1,536,000
Week ending	1911	1912.	1913.	Increase
July 7......	$346,500	391,900	432,700	40,800
" 14.........	364.700	436,700	454,500	17,800
" 21.........	357,000	426,100	447,800	21,700

TWIN CITY RAPID TRANSIT COMPANY.

Year to date.	1911.	1912.	1913.	Increase
June 30.........	$3,733,122	$3,875,004	$4,188,880	$313,876
Week ending.	1911.	1912.	1913	Increase
July 7.........	183,360	166 467	179,735	13,268
" 14.........	153,600	152,560	166,435	13,875

HAVANA ELECTRIC RAILWAY CO.

Week ending		1912.	1913.	Increase
July 6.........	....	$51,659	$56,480	$4,821
" 13.........	....	48,533	57,931	6,398
" 20.........	....	49,422	54,716	5,288
" 27.........	....	49,908	53,809	3,901

DULUTH SUPERIOR TRACTION CO.

	1911.	1912.	1913.	Increase
July 7.......	$25,898	$24,988	$29,163	$4,175

DETROIT UNITED RAILWAY.

Week ending	1911.	1912.	1913.	Increase
June 17.......	183,349	213,040	250,668	37,628
" 14.......	197,102	221,178	252,914	31,765
" 21.......	205,089	224,079	255,570	31,491
" 30.......	250,907	306,502	335,048	28,546

CANADIAN BANK CLEARINGS.

	Week ending July 31, 1913	Week ending July 24, 1913	Week ending Aug. 1, 1912	Week ending Aug. 3, 1911
Montreal	....	$54,889,578	$55,570,609	$41,024,229
Toronto	$38,731,816	37,241,854	38,003,460	41,474,126
Ottawa	3,701,359	3,837,466	5,086,772	3,501,778

MONEY RATES.

	To-day	Last Week	A Year Ago
Call money in Montreal...	6-6½%	6-6½%	5 %
" " in Toronto....	6-6½%	6-6½%	5 %
" " in New York..	2½%	2¼%	2¾
" " in London....	3½-4 %	2¾%	2½ %
Bank of England rate....	4½ %	4½%	3 %

DOMINION CIRCULATION AND SPECIE.

June 30, 1913....	$116,363,538	December 31, 1912	$115,836,488
May 31.........	113.746,734	Nov. 30	118,958,620
April 30.........	114 298,017	October 31.......	115,748,414
March 31.........	112,101,886	Sept. 30	115,995,602
February 28,....	110,484,879	August 31.........	116,210,579
January 31,....	113,602,030	July 31.........	113,794,845

Specie held by Receiver-General and his assistants:-

June 30, 1913....	$100,437,594	December 31, 1912	$104,076,547
May 31.........	100,481,562	Nov. 30	106,698,599
April 30.........	100.706,287	Oct. 31	103,054,008
March 31.........	98,507,113	Sept. 30.........	103,041,850
February 28......	98, 2,004	August 31.........	103,014,276
January 31......	101.898,960	July 31.........	100,400,688

List of Leading Stocks and Bonds

CORRECTED TO THURSDAY, JULY 31st, 1913

BANK STOCKS.	Closing prices or Last sale. Asked.	Bid.	Par value of one share. $	Return per cent. on investment at present prices. Per Cent.	Rate of Annual Dividend Per cent	Capital subscribed $	Capital paid up $	Rest Fund $	Per cent'ge of Rest to paid up Capital	When Dividend payable.
British North America	150	....	....	5 33	8	4,866,667	4,866,667	2,920,000	60.00	April, October.
Canadian Bank of Commerce	203	202	50	5 41	10+1	15,000,000	15,000,000	12,500,000	83.33	March, June, Sept., Dec.
Dominion XR	....	....	100	....	12+2	5,465,700	5,375,757	6,375,757	118.60	Jan., April, July, Oct.
Hamilton	....		100	....	11	3,000,000	3,000,000	3,500,000	116.66	March, June, Sept., Dec.
Hochelaga	154	151½	100	5 84	9	3,904,900	3,599,660	3,000,000	83.34	March, June, Sept., Dec.
Home Bank of Canada	....	....	100	....	7	2,000,000	1,938,700	650,000	33.54	March, June, Sept., Dec.
Imperial XD	....	....	100	....	12	7,000,000	6,908,942	7,000,000	101.32	Feb., May, August, Nov.
Merchants Bank of Canada XD	184	....	100	5 43	10	6,764,700	6,764,700	6,419,175	94.90	March, June, Sept., Dec
Metropolitan Bank	....	....	100	....	10	1,000,000	1,000,000	1,250,000	125.00	Jan., April, July, Oct.
Molsons XD	228	....	100	4 82	11	4,000,000	4,000,000	4,700,000	117.50	Jan., April, July, Oct
Montreal	....		100	..	10+2	16,000,000	16,000,000	16,000,000	100.00	March, June, Sept., Dec.
Nationale XD	136	134	100	5 14	7	2,000,000	2,000,000	1,550,000	77.50	Feb., May, August, Nov.
Northern Crown Bank	....	....	100	....	6	2,862,400	2,772,960	300,000	10.82	January, July.
Nova Scotia	251½	251	100	5 56	14	6,000,000	5,967,610	10,844,654	181.73	Jan., April, July, Oct.
Ottawa	....	202	100	5 94	12	3,952,400	3,940,180	4,440,180	112.69	March, June, Sept., Dec.
Provincial Bank of Canada	....	....	100	....	6	1,000,000	1,000,000	575,000	57.50	Jan., April, July, Oct.
Quebec	....	122	100	5 60	7	2,721,200	2,684,396	1,250,000	46.57	March, June, Sept., Dec.
Royal	215½	215	100	5 57	12	11,560,000	11,560,600	12,560,000	108.65	Jan., April, July, Oct.
Standard XD XR	....	....	50	....	13	2,498,200	2,492,795	3,192,795	128.08	Feb., May, Aug. Nov.
Sterling	....	....	100	....	5	1,219,800	1,129,657	300,000	26.56	Feb., May, August, Nov.
Toronto	....	....	100	....	11+1	5,000,000	5,000,000	6,000,000	120.00	March, June, Sept., Dec.
Union Bank of Canada	....	....	100	....	8	5,000,000	5,000,000	3,300,000	66.00	March, June, Sept., Dec.
Vancouver	....	....	100	....	....	1,174,700	860,200	40,000	4.65	....
Weyburn Security	....	....	100	....	5	632,200	316,100	65,000	20.56	....
MISCELLANEOUS STOCKS.										
Bell Telephone	143½	141	100	5 57	8	15,000,000	15,000,000	....	....	Jan., April, July, Oct.
Brazilian Traction XD	86½	86	100	6 95	6	104,500,000	104,500,000	....	....	Feb., May, Aug., Nov.
B. C. Packers Assn, pref	....	....	100	....	7	635,000	635,000	....	....	May, Nov.
do Com	....	....	100	....	6	1,511,400	1,511,400	....	....	May, Nov.
Canadian Pacific	217	216	100	4 60	7+3	260,000,000	198,000,000	....	....	Jan., April, July, Oct.
Canadian Car Com	65	64	100	6 15	4	3,500,000	3,500,000	....	....	April, Nov.
do Pfd	110	....	100	6 36	7	6,100,000	6,100,000	....	....	Jan., April, July, Oct.
Can. Cement Com	31½	31	....	....	....	13,500,000	13,500,000	....	....	....
Do. Pfd XD	90½	90	....	7 75	7	10,500,000	10,500,000	....	....	....
Can. Con. Rubber Com	85	83	100	4 70	4	2,805,500	2,805,500	....	....	Jan., April, July, Oct.
do Pref	....	96	100	7 29	7	1,980,000	1,980,000	....	....	Jan., April, July, Oct.
Canadian Converters XD	42	39	100	9 52	4	1,733,500	1,733,500	....	....	Feb., May, Aug., Nov.
Canadian General Electric	105	104½	100	7 61	7+1	5,640,000	5,640,000	....	....	Jan., April, July, Oct.
Canadian Cottons	38	35½	100	....	....	2,715,000	2,715,000	....	....	....
do do. Pfd	74	72½	100	8 10	6	3,661,500	3,661,500	....	....	Jan., April, July, Oct.
Canada Locomotive	47	....	100	....	....	2,000,000	2,000,000	....	....	....
do. do. Pfd	89½	....	100	7 82	7	1,500,000	1,500,000	....	....	Jan., Apl., July Oct.
Crown Reserve XD XR	3.03	3.00		....	60	1,999,957	1,999,957	....	....	Monthly.
Detroit United Ry	68½	68	100	8 82	6	12,500,000	12,500,000	....	....	March, June, Sept., Dec.
Dominion Canners	67	64½	100	8 79	6	2,148,600	2,148,600	....	....	....
Dominion Coal Preferred XD	105	....	100	6 66	7	3,000,000	3,000,000	....	....	January, August.
Dominion Textile Co. Com	80	79	100	7 50	6	5,000,000	5,000,000	....	....	Jan., April, July, Oct.
do Pfd	100	....	100	7 00	7	1,859,030	1,859,030	....	....	Jan. April July, Oct.
Dom. Iron & Steel Pfd	95	....	100	7 36	7	5,000,000	5,000,000	....	....	April, October
Dominion Steel Corpn.	44½	44½	100	9 41	4	35,656,800	35,656,800	....	....	Jan., April, July, Oct.
Duluth Superior Traction	....	....	100	....	5	3,500,000	3,500,000	....	....	Jan., April, July, Oct.
Halifax Tramway Co	160	....	100	5 00	8	1,400,000	1,400,000	....	....	Jan., April, July, Oct.
Havana Electric Ry Com	....	....	100	....	6	7,463,703	7,463,703	....	....	Jan., Apl., July, Oct.
do Preferred	....	....	100	....	6	5,000,000	5,000,000	....	....	Jan., April, July, Oct.
Illinois Trac. Pfd	90	89½	100	6 66	6	5,304,600	5,304,600	....	....	Jan., April, July, Oct.
Kaministiquia Power XD	....	....	100	....	5	2,000,000	2,000,000	....	....	Feb., May, August, Nov
Laurentide Com XR	147½	147¼	100	5 41	8	7,200,000	7,200,000	....	....	February, August.
Lake of the Woods Mill. Co. Com	....	123½	100	6 43	8	2,100,000	2,100,000	....	....	Mar., June, Sept., Dec.
do do Pfd	....	....	100	....	7	1,500,000	1,500,000	....	....	Jan., Apl., July, Oct.
Mackay Companies Com	79	77	100	6 32	5	41,380,400	41,380,400	....	....	Jan., April, July, Oct.
do Pfd	67	66¼	100	5 97	4	50,000,000	50,000,000	....	....	Jan., April, July, Oct.
Mexican Light & Power Co.	69	....	100	5 79	4	13,585,000	13,585,000	....	....	Jan., April, July, Oct.
do do Pfd.	....	....	100	....	7	2,400,000	2,400,000	....	....	May, November.
Minn. St. Paul & S.S.M. Com	128	1 26	100	5 46	7	20,832,000	20,832,000	....	....	April, October.
do Pfd.	....	....	100	....	7	10,416,000	10,416,000	....	....	April, October.
Montreal Cottons	55	53	100	7 27	4	3,000,000	3,000,000	....	....	March, June, Sept. Dec.
Montreal Light, Ht. & Pwr. Co XD	205½	205¼	100	4 86	10	17,000,000	17,000,000	....	....	Feb., May, August, Nov.
Montreal Telegraph	139	....	40	5 76	8	2,000,000	2,000,000	....	....	Jan., April, July, Oct.
Northern Ohio Traction Co.	....	....	100	....	5	9,000,000	9,000,000	....	....	March, June, Sept., Dec.
N. Scotia Steel & Coal Co. Com	73	72	100	8 21	6	6,000,000	6,000,000	....	....	Jan., Apl., July, Oct.
do Pfd.	....	....	100	....	8	1,030,000	1,030,000	....	....	Jan., April, July, Oct.
Ogilvie Flour Mills Com	112½	109	100	7 11	8	2,500,000	2,500,000	....	....	Jan., Apl., July, Oct.
do Pfd.	110	....	100	6 36	7	2,000,000	2,000,000	....	....	March, June, Sept., Dec.
Penman's Ltd. Com	51	....	100	7 84	4	2,150,600	2,150,600	....	....	Feb. May, August, Nov
do Pref XD	....	..	100	....	6	1,075,000	1,075,000	....	....	Feb. May, August, Nov.
Quebec Ry. L. & P.	12	11½	....	....	....	9,999,500	9,999,500	....	....	....
Richelieu & Ont. Nav. Co.	104	103½	100	7 69	8	3,132,000	3,132,000	....	....	March, June, Sept., Dec.
Shawinigan Water & Power Co.	128	123	100	4 68	6	10,000,000	10,000,000	....	....	Jan., April, July, Oct.
Toledo Rys & Light Co.	....	....	100	....	....	13,875,000	13,875,000	....	....	....
Toronto Street Railway	138½	138	100	5 72	8	10,968,383	10,968,383	....	....	Jan., April, July, Oct.
Tri-City Preferred	....	....	100	....	6	2,826,200	2,826,200	....	....	Jan., April, July, Oct.
Twin City Rapid Transit Co.	105¼	104	100	5 69	6	20,100,000	20,100,000	....	....	Jan., Apl., July, Oct.
Twin City Rapid Transit, Pfd.	....	....	100	....	7	3,000,000	3,000,000	....	....	Jan., Apl., July, Oct.
West India Electric	94	....	100	5 31	5	800,000	800,000	....	....	Jan., April, July, Oct.
Windsor Hotel	....	....	....	....	5	3,000,000	3,000,000	....	....	May, November
Winnipeg Electric Railway Co	195	185	....	6 15	12	6,000,000	6,000,000	....	....	Jan., Apl., July, Oct.

STOCK AND BOND LIST, Continued

BONDS	Closing Quotations Asked	Bid	Rate p.c. of Interest per annum	Amount outstanding.	When Interest due.	Where Interest payable	Date of Maturity.	REMARKS
Bell Telephone Co.	98½	97	5	$3,649,000	1st Oct. 1st Apl.	Bk. of Montreal, Mtl.	April 1st, 1925	
Can. Car & Fdy.	105	104	6	3,500,000	1st June 1st Dec.	....	Dec. 1st, 1939	Red. at 110 aft. Nov.'19 or in pt. aft. Nov.'11
Can. Converters	..	..	6	474,000	1st June 1st Dec.	....	Dec. 1st, 1926	
Can. Cement Co.	97½	97	6½	5,000,000	1st Apl. 1st Oct.	" "	Oct. 21st, 1929	Redeemable at 110
Dominion Coal Co.	97½		5	6,300,000	1st May 1st Nov.	" "	April 1st, 1940	Red. at 105 and Int. after May 1st, 1910
Dom. Iron & Steel Co.	90½	90	5½	7,332,000	1st Jan. 1st July	Bk. of Montreal, Mtl	July 1st, 1929	
Dom. Tex. Sers. "A"	..	..	6	758,500	1 March 1 Sept.	Royal Trust Co. Mtl.	March 1st, 192	5 Redeemable at 110 and Interest.
" "B"	..	..	6	1,000,000	"	" "	"	Redeemable at par after 5 years
" "C"	100	..	6	1,000,000	"	" "	"	Red. at 105 and Interest
" "D"	..	..	....	450,000	"	" "	"	" "
Havana Electric Railway	..	..	5	7,824,731	1st Feb. 1st Aug.	52 Broadway, N.Y.	Feb. 1st, 1912	Redeemable at 105
Halifax Tram.	..	..	5	600,000	1st Jan. 1st July	Bk. of Montreal, Mtl.	Jan. 1st, 1916	
Keewatin Mill Co.	..	100	6	750,000	1st March 1 Sept.	Royal Trust Co., Mtl.	Sept. 1st, 1916	Redeemable at 110
Lake of the Woods Mill Co	..	..	6	1,000,000	1st. June 1st Dec.	Merchants Bank of Canada, Montreal.	June 1st, 1932	
Laurentide Paper Co.	..	104	6	947,305	2 Jan. 2 July	Bk. of Montreal, Mtl.	Jan. 2nd, 1920	
Mexican Electric L. Co.	78	..	5	5,778,600	1st Jan. 1st July	" "	July 1st, 1935	
Mex. L't & Power Co.	..	..	5	11,72[illegible],500	1st Feb. 1st Aug.		Feb. 1st, 1933	
Montreal L. & Pow. Co.	96½	96	4½	6,787,000	1st Jan. 1st. July	" "	Jan. 1st, 1932	Red. at 105 and Int. after 1912
Montreal Street Ry. Co.	..	100	4½	1,500,000	1st May 1st Nov.		May [illegible] 1932	
Ogilvie Flour Mills Co.	..		6	1,750,000	1st June 1st Dec.	Bk. of Montreal, Mtl.	July 1st, 1932	Redeemable at 105 and Interest
Penmans	..	..	5	2,000,000	1st May 1st Nov.	Bk. of M., Mtl. & Ln.	Nov. 1st, 1926	Redeemable at 110 after Nov. 1, 1911
Price Bros	83	..	6	833,000	1st June 1st Dec,	....	June 1st, 1925	
Quebec Ry. L & P. Co.	..	47	5	4,866,666	1st June 1st Dec.	....	June 1st, 1929	
Rio Janeiro	..	..	5	25,000,000	1 Jan. 1 July	....	Jan. 1st, 1935	
Sao Paulo	..	..	5	6,000,000	1st June 1st Dec.	C. B. of C. London. Nat. Trust Co. Tor	June 1st, 1929	
Toronto & York Radial	..	..	5	1,620,000	1 July 1st Jan	B. of M., Tor. & N.Y.	Feb. 1st, 1919	
Winnipeg Electric	104	..	5	{ 1,000,000	1st Apl. 1st Oct.	Bk. of Montreal, Mtl.	Jan. 1st. 1927	
				{ 4,000,000	2 Jan. 2nd July	" "	Jan. 1st. 1935	
West India Electric	..	..		600,000	1st Jan. 1st July	....	1929	