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WAR BORROWINGS.

The proceeds of Great Britain's enormous new war loan, aggregating practically six hundred million pounds sterling, will not last long. Apparently, the cost of the war to Great Britain has now gone above three million pounds per day. Mr. Asquith mentioned in the House of Commons this week that during the first seventeen days of July, the cost was fifty-four million pounds. The revenue on the present scale of taxation is about three-quarters of a million pounds per day, so that with a daily cost of the war of three millions, there is a daily drawing upon borrowed funds of two and a quarter millions sterling. At this rate, the proceeds of the new loan would last something under nine months. It may be doubted, however, whether they will last as long as that. Not only is the daily cost of the war apparently steadily increasing, but considerable sums may have to be devoted to securing the good-will or the active assistance of sundry powers which are at present sitting (somewhat unsteadily) on the international fence. While an increased contribution towards daily expenses may be secured by the imposition of new taxation on all classes in Great Britain, the taxation would have to be heroic indeed to make any appreciable increase in the proportion of war expenses that are being settled out of hand. Happily, there is every reason to believe that the temper of the British people is to push on the war to a decisive conclusion, cost what it may. A London cable said this week:—"It should be clearly understood that England is ready to face another requisition for a thousand millions sterling next year, rather than consent to an inconclusive termination of the war." It seems likely enough that that readiness will be tested.

* * *

The extent to which the present conflict is involving the States concerned in new indebtedness may be gauged from a compilation recently made in New York of the borrowings of the belligerents to date. The borrowings on both sides reach the almost inconceivable total of fifteen billions five hundred and forty-six millions of dollars. Great Britain, steadily following her traditional policy of supplying funds to Allies less comfortably circumstanced financially than herself, has borrowed to date a total of $5,655,500,000; France, $1,790,000,000, Russia $2,630,500,000, and the other Allies $200,000,000 The total borrowings of the Allies aggregate $10,276,000,000, the cost of the war to date on their side being placed at $9,200,000,000 and its daily cost at 37 millions. Enemy nations are calculated to have issued total loans of $5,270,000,000 to date, Germany being responsible for $3,390,000,000; Austria-Hungary for $1,630,000,000 and Turkey for 250 millions. Their expenditure on the war to date is placed at $4,430,000,000 and daily expenditure at 16 million dollars.

* * *

With this pace kept up for a sufficiently long period, some of the belligerents are likely to find themselves in the Bankruptcy Court. Fortunately enemy nations seem in a fair way to arriving there easily first. Enemy finances depend in the main on Germany, and the news comes to hand that another big loan is now being prepared in Berlin, which is likely to cause a great and dangerous inflation, thanks to huge issues of inconvertible paper, now at a discount of about 14 per cent. In Great Britain, thus far, the business of financing the war has been successfully achieved without departure from sound methods and that the London bankers and leading financiers are fully awake to the desirability and even necessity of continuing to pursue the straight and narrow path is shown by their resolution presented to Mr. Asquith:—"In this national crisis expenditures, both public and private, should be rigidly curtailed, and, at the same time, new taxation should forthwith be imposed upon all classes of the people in order that when the war shall be brought to a triumphant conclusion, the nation may enter the period of restoration with its financial power impaired to the least possible extent." It is certain that only stern economy can minimise the financial havoc of the war.

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MONTREAL, FRIDAY, JULY 23, 1915.

THE BANKS' CAPITALS.

One result of recent banking amalgamations and failures is seen in a reduction in the amount of the paid-up capitals of the banks compared with a year ago. At May 31 last, the paid-up capital of the twenty-two active banks was $113,982,653, compared with $114,811,775 at June 30, 1914. The reduction is accounted for by the failure of the Bank of Vancouver with a paid-up capital a year ago of $441,844 and by the amalgamation of the Metropolitan Bank with the Bank of Nova Scotia. The paid-up capital of the Metropolitan Bank was $1,000,000, and under the arrangement made with the Bank of Nova Scotia the Metropolitan's shareholders received only half a share of Nova Scotia stock for each Metropolitan share held, the balance of the purchase price being paid in cash. Thus, through this arrangement, there was a reduction in the nominal amount of the banks' paid-up capital of $500,000.

The net decrease in the banks' paid-up capital during the eleven months marks the termination of the remarkable movement in the increase of the banks' capitals which has been seen during recent years. In the year ending June 30, 1912, the banks increased their capitals by no less than $11,523,231, this very large increase being followed by one of $3,602,550 in the twelve months ending June 30, 1913, and by one of $1,620,688 in the year ending June 30, 1914. The increases in each case are net, after the adjustments consequent upon bank amalgamations have been made. It was obvious even before the war broke out that this notable movement of expansion in Canadian banking capital had for the time being come to an end. For several months prior to the war no new issues were announced, and it was clear that with perhaps the exception of some of the smaller banks whose capital accounts are practically always open that the banks' capital accounts generally had achieved a periodical finality.

It is hardly likely that another move forward will be made by the banks' capitals for several years. Meantime it is interesting to note in perspective the remarkable growth which has taken place in this connection since the opening of the present century. In that period, the complexion of Canadian banking has undergone very remarkable changes, owing to the weeding out of small local banks, either by their failure or by their absorption into larger institutions. At the beginning of 1900, there were 36 banks transacting business in Canada, their combined paid-up capital being $63,584,022. At the present time the number of banks has been reduced to twenty-two, but their paid-up capital, as stated above is $113,982,653. The paid-up capital has been increased by 80 per cent. in 15 years. Some very notable advances have been made by those banks which have survived during the 15 years and continue to transact business. The list of them with a comparison of the capitals is as follows:—

	Jan. 1, 1900.	May 31, 1915.
Montreal	$12,000,000	$16,000,000
Quebec	2,500,000	2,734,620
Nova Scotia	1,760,900	6,500,000
British	4,866,667	4,866,667
Toronto	2,000,000	5,000,000
Molsons	2,180,645	4,000,000
Nationale	1,200,000	2,000,000
Merchants	6,000,000	7,000,000
Union	2,000,000	5,000,000
Commerce	6,000,000	15,000,000
Royal	*1,985,070	11,560,000
Dominion	1,500,000	6,000,000
Hamilton	1,500,000	3,000,000
Standard	1,000,000	3,000,000
Hochelaga	1,482,200	4,000,000
Ottawa	1,720,380	4,000,000
Imperial	2,344,925	7,000,000

* As Merchants Bank of Halifax.

The figures serve to bring out strikingly the immense strides which have been made by the banks since the opening of the present century and the great growth of their resources and operations. In the last two years, Canada has had good reason to be thankful that her financial system has been upheld by such sturdy foundations, and that large and strong banking institutions, instead of a medley of small and weak ones, have been encouraged and developed by our banking legislation.

RETIREMENT OF MR. A. J. RELTON.

The retirement is officially announced of Mr. A. J. Relton, Manager Fire and Casualty Departments, Guardian Assurance Company, London, England, after a service of practically forty years Mr. Relton entered the service of the company in 1876. Some years later, on his appointment as Fire Manager, Mr. Relton had the distinction of being the youngest in years manager of a large British fire office. He is well known throughout Canada, having visited this country regularly for many years, and deservedly popular. Mr. Relton's rank as a fire underwriter is of the highest order, combined with remarkable executive and administrative talent.

DOMINION GOVERNMENT'S LOAN IN NEW YORK.

Announcement is made that the Dominion Government has placed $45,000,000 5 per cent. tax-free notes in New York. The notes are divided into two maturities, $25,000,000 running for one year and $20,000,000 for two years, and will be dated in each case August 1st, 1915. The shorter term issue has been sold at par and the longer term issue at 99½. Holders of both will be given an option to convert their security into 5 per cent. twenty-year bonds.

The new loan has been placed by the Bank of Montreal, acting as fiscal agents for the Dominion of Canada, with J. P. Morgan & Co., Brown Bros. & Co., the First National Bank of New York, and the National City Bank of New York, while the Bank of Montreal has also associated itself with them in the purchase.

AN IMPORTANT OPERATION.

From more than one point of view, the new operation is of considerable importance. By this loan funds are provided for the carrying on of various uncompleted works, which it is necessary should be pushed forward even under present circumstances, and in this respect, it is stated, will meet the requirements of the Federal Government until the end of the year at least. While some months ago an arrangement was made by which the Treasury Committee permitted borrowing in London by the Dominion Government for these purposes, and that arrangement is still in existence, obviously, under present circumstances, the London authorities will appreciate it not being taken advantage of, so that London funds, by which Canada's war expenditure, among others, is being financed, are left wholly free for war purposes. Again, the new loan will have an important effect in correcting the exchanges between the Canadian centres and New York. New York exchange has for some time been running heavily against Canada, owing to the fact, that even under present circumstances the balance of trade between the United States and Canada is heavily against the latter. As it is, in transferring the present funds to Canada, the Government will get the benefit of the existing premium on New York exchange. The new loan will also obviate the necessity, for the present at all events, of a domestic loan issue. It is stated that this has not been considered expedient by the Minister of Finance in view of the heavy financial demands which will be made for the movement of this year's crops and other purposes.

AN ATTRACTIVE ISSUE.

The option to holders of the new notes to convert their holdings into 5 per cent. twenty-year debentures makes the new issue an exceedingly attractive one. The rate of interest paid is in line with the new interest level set by the British Government's war loan. Under normal circumstances, capital can be secured more cheaply in London than in New York, but at the present if the Canadian Government had decided to go to London instead of New York, it may be doubted whether they could have obtained a more favorable rate. In any case, there would have been a severe loss on exchange in transferring funds from London at the present time.

MR. H. V. MEREDITH'S VIEWS.

Mr. H. V. Meredith, president of the Bank of Montreal, fiscal agent of the Dominion, in the course of a statement regarding the new loan, said that the two chief reasons for borrowing in the United States were, that by having such a large amount of money there available, the exchange situation as between Canada and New York would be relieved to a very great extent, and it would also have the effect of improving the borrowing exchange situation as it applied between London and New York. What was equally important also was that at the present time Canada could obtain its money in New York on more advantageous terms than it would be possible for her to do in London, having in view the penalizing rate of exchange in transferring funds from London to this side

"On this account," added Mr. Meredith, "the Minister of Finance, Mr. White, is to be congratulated on the discretion and sound judgment he has shown in effecting this sale and obtaining the money on such highly satisfactory terms. In addition, the Imperial Treasury and London market is freed from the necessity of financing the Dominion and this should prove very acceptable at a time when the Mother Country has so much to look after in other directions The uncertainty that prevails and the difficulty of forecasting the conditions which will obtain in London from now on makes the action of the Dominion Government one which entitles it to the special commendation of the country."

THE CROP OUTLOOK.

The Molsons Bank has again performed a valuable service by a very thorough collection of reports on the condition of the crops at midsummer throughout the Dominion. Speaking generally it may be said that the reports are thoroughly encouraging in tone and indicate that if the present promise be fulfilled the agricultural community throughout Canada will have good reason to consider 1915 a prosperous year. In the province of Quebec, a larger area is reported to be under grain cultivation and while the hay crop may not be as good as usual, pastures are frequently stated to be in satisfactory condition with live stock in good shape, and a dairy output that thus far this season has commanded satisfactory prices. In the province of Ontario, grain, with the exception of corn, is reported to be doing exceedingly well; small fruits are the same, with apples and peaches less promising.

As regards the Western Provinces, the North West Grain Dealers' Association reports a 14 per cent. increase in the area sown to wheat, and one of ten per cent. in the case of oats. The general promise in Manitoba is for a fair average crop which, on an enlarged acreage, would give greater returns than were recorded in 1914. In place after place an increase in some kind of live stock is noted. What is true of Manitoba is in a general way the rule in Saskatchewan and Alberta. There has been a general increase in the area under crop and the growth is well advanced. Some observers in favored localities look for as much as thirty bushels an acre. Yields of barley of fifty bushels and of oats of sixty bushels to the acre are also spoken of as probable. An increase in the number of cattle, sheep and hogs is also recorded in many instances.

DIRECTORS AND THEIR RESPONSIBILITIES.

The auditing of a bank or of an insurance company's affairs by its directors is frequently a mere perfunctory looking over of securities and ticking off of amounts, and a routine certifying that the figures are correct according to the books of the company. Auditing should be left to those who have been educated to the business. The manager of a bank or of an insurance company, resting sure in the conscientious and complete fulfilment of his duty, welcomes investigation by competent accountants or auditors, as such an investigation can only discover and reveal his practical merit and worth. Directors may be responsible to the shareholders they represent to the extent of being bound to exercise a vigilant care over the interests of the corporation. But we think it will be admitted that it is better that they should rely absolutely upon the accuracy and honesty of executive officers, than that they should by unwise interference spoil the work of the officials who are paid for the competent performance thereof.

DIRECTORS' ILLUSIONS.

An English reviewer some years ago said that after a somewhat wide and lengthened observation he was convinced that, if it were possible to submit the question to the vote, and the voting were by ballot, at least nine-tenths of the insurance officials would vote directors, if not a nuisance, at all events an incumbrance at once costly and useless. This was an extreme view. There may be occasions and circumstances in which directors are able to take a more or less serviceable part in the control of an insurance company. However, these are quite exceptional, and, indeed, few and far between. There is something at once ludicrous and pathetic in the spectacle of a dozen of middle-aged or elderly gentlemen, sitting down once a week at the board-room table, to make believe they are "discussing" questions, of which, as a general rule, they are most profoundly ignorant. They are prone to imagine that they are performing valuable services on these occasions, and to pocket their fees with an unruffled conscience; and, if the manager be a good tactician, it is his policy rather to foster than to discourage the illusion. As a matter of fact, however, he invites them to decisions which are already cut and dried. He, and he alone, understands what the circumstances demand; and his purposes cannot be thwarted without detriment to the business. But, all the same, he suffers them to maunder over matters at their own sweet will. Directors may shuffle and deal until the pack is exhausted; it is the manager who, during the entire game, holds the winning card.

THE CRANK.

The majority are perhaps unconscious of the real state of the case; and a genuinely "good" director is he who, whether unconscious or not, acquiesces in the inevitable. They are not all good, however, and the director who has a pet crotchet, and pretends to a knowledge which he does not possess, is—to put it mildly—a nuisance to the company that owns him. He is a similar nuisance as the crank questioner among shareholders at their annual meetings. Even when he cannot alter or prevent the realization of the matured conclusions formulated by the management, his function is to tamper with or delay.

THE MANAGER'S RESPONSIBILITIES.

It follows from this that the real power in shaping the bank or insurance company's operations is, or ought to be, centered in the manager He alone possesses the knowledge and capacity to guide to success; and while he must sadly own that a board is a necessary evil, to submit his ripe views to the ordeal of ignorant and carping criticism on the part of others, demands the exercise of no small amount of patience. Directors are simply the chosen representatives of the shareholders. It is with his Board that the manager consults regarding the general policy of the institution, and their intervention is seldom sought, save when he desires to relieve himself of responsibility. The entire power of the executive is centered in the manager, and everything takes its complexion from his mental individuality. He must be to all intents and purposes, the bank or insurance company in his own person.

Practically, the duty of directors is limited to outlining the general policy of the institution with which they are connected, and looking after the proper investment of its funds.

THE GROWTH OF CANADIANL OAN CORPORATIONS.

The important part which loan corporations have played in the development of the Dominion and their great potential utility in regard to future development are recognized by all those who have studied Canada's economic position. As much perhaps by their careful regard for their good name and by their consistent following of conservative business methods as by their large importations of British and other capital, have they exerted a marked influence. Naturally, black sheep are bound to appear from time to time in every fold, but apart from one or two manifestations of undesirable and disastrous business methods which will come to mind, the loaning corporations of all kinds in Canada as a whole have been remarkably successful in achieving a high position in the public esteem, by reason alike of their fair and liberal treatment of borrowers, of a conservative policy in the interests of their shareholders, and of a high sense of obligation to those who hold their debentures. The remarkable success which they have achieved in securing large funds from the other side of the Atlantic, and particularly in Scotland, at exceedingly moderate rates of interest furnishes an interesting commentary upon the measure of the trust reposed in their managements. This trust, too, has continued under exterior conditions which would have had a notably adverse effect upon organisations less securely entrenched. The loan companies have had good reason to complain of the unreasonable character of some of the moriatoria measures passed in Canada within the last year, and insufficient attention was likewise paid to their interests in the seed-grain legislation of the Dominion Parliament passed last winter. In view of the indispensable character of the services which these corporations render, they are at least entitled to expect from governing authorities bare justice of treatment in matters of legislation and it is to be hoped that more attention will be paid to the strength of their claims in this respect when matters of this kind are again brought into the legislative arena.

GROWTH OF BUSINESS.

On page 835 is published a table showing the liabilities and assets as at December 31, 1914, of the loan and trust companies of Ontario. The figures are fairly, though not entirely, representative of the loan company business of Canada. With one or two exceptions, the figures of the leading loaning companies in the Dominion are included in the present summary. The business of these companies during recent years has made notable progress. At the close of 1907, their mortgages on realty were $111,608,006, and their assets, $206,-945,906. Three years later at the close of 1910, mortgages had increased to $131,138,109 and the companies' assets to $308,729,139. A further period of four years makes the figures of 1914 available. At the close of last year, mortgages had increased to $170,496,683, and the companies assets to $545,180,739. These advances are very large; with a renewal of business at the close of the war upon something like normal conditions it may be assumed that they will be continued.

THE RECORD OF 1914.

The business of these companies during 1914 presents a number of interesting features. The total of their mortgages was increased by some $3,300,000 from $167,158,513 to $170,496,683. In view of the fact that during part of the year, some of the companies hardly lent at all, this gain in mortgages is distinctly interesting. Showing a healthy condition in the business of the companies generally, it was accompanied by something more than a halving of the mortgaged land held for sale ($822,627 in 1913, $367,025 in 1914). The rise in mortgages is, however, moderate in comparison with the advances which have been made in recent years, and the companies last year placed a much larger proportion of their funds than usual in high-grade securities. Their holdings of municipal debentures were doubled last year, being increased from $2,605,915 to $5,219,367. Holdings of government securities were increased from $25,000 to $217,198. Advances in these classes of investments were, however, accompanied by a sharp decrease in the holdings of miscellaneous stocks and bonds, which were reduced from $43,064,885 to $38,364,730.

On the other side of the account there is seen a decrease in the amount of the fully paid-up capital stock, owing probably to the failure of the Dominion Trust and to capital re-arrangements which have followed upon amalgamations. This decrease is, however, more than compensated for by an increase of nearly $5,000,000 in partly paid up capital stock. The reserve funds of the companies were increased by nearly $1,700,000 and now aggregate $33,232,155, about 50 per cent. of the aggregate capital. A particularly large increase, amounting to almost 50 per cent. of their total at the end of 1913, is seen in unappropriated profits, which were advanced from $3,478,005 to $5,077,911.

DEPOSITS AND DEBENTURES.

Deposits are down by $1,200,000, from $23,501,-053 to $22,391,643. In part this is offset, however, by the rise in debentures payable in Canada, which

(*Continued on page 837*)

THE LOAN AND TRUST COMPANIES OF ONTARIO.

Summaries of their Liabilities and Assets, as at December 31st, 1914.

Liabilities and Assets	Loan Companies having only permanent stock	Loan companies having terminating stock as well as permanent stock or having terminating stock only	Loaning Land companies	Trust Companies.	Grand Totals	
	1914. $ c.	1914. $ c.	1914. $ c.	1914. $ c.	1913. $ c.	1914. $ c.
Capital authorised (permanent)	106,629,102 19	....	15,530,000 00	30,348,900 00	160,459,102 19	152,508,002 19
Capital subscribed (permanent)	55,117,547 19	1,549,600 00	5,655,510 00	18,636,100 00	79,142,097 19	80,958,757 19
Capital subscribed (terminating)	....	580,739 81	....	....	886,118 73	580,789 81
Liabilities.						
Liabilities to shareholders:						
Permanent—						
Stock fully paid up	31,164,250 56	884,200 00	3,865,000 00	10,387,552 30	50,219,974 32	46,301,002 86
Prepaid	89,501 76	....	....	956,425 52	1,093,092 49	1,045,927 28
Stock paid up in part	11,195,275 53	362,596 41	361,660 16	3,807,504 54	10,997,986 36	15,727,036 64
Terminating—						
Stock fully paid	....	....	....	....	550 00	....
Prepaid	....	138,411 68	....	....	214,132 67	138,411 68
Instalment stock	....	244,901 21	....	....	307,601 89	244,901 21
Reserve fund	22,960,541 79	478,756 56	2,773,666 67	7,019,189 62	31,568,324 52	33,232,154 64
Dividends declared and unpaid	957,540 53	33,844 55	50,452 09	275,289 42	1,424,326 07	1,317,126 59
Contingent fund	239,663 35	5,964 68	95,993 12	22,500 00	245,423 15	364,121 15
Unappropriated profits	2,925,027 15	62,057 62	889,102 63	1,201,723 76	3,478,005 20	5,077,911 16
Profits on terminating stock	....	92,697 58	....	....	119,806 42	92,697 58
Other liabilities to shareholders	554 79	45 00	....	27,713 02	1,048 19	28,312 66
Total liabilities to shareholders	69,532,355 31	2,303,475 29	8,035,874 67	23,697,898 18	99,670,271 28	103,569,603 45
Liabilities to the public:						
Deposits	21,737,913 28	244,994 67	408,245 75	488 86	23,501,053 35	22,391,642 56
Interest on deposits	425,048 56	9,864 88	3,669 97	....	240,051 67	438,583 41
Debentures payable in Canada	21,116,449 50	2,150,177 71	1,459,849 17	....	23,894,129 86	24,726,476 38
Debentures payable elsewhere	76,455,353 43	....	1,009,970 40	....	77,066,347 45	77,465,323 83
Debenture stock	1,262,010 99	....	....	....	1,232,405 48	1,262,010 99
Interest on debentures and debenture stock	949,354 36	38,228 64	16,058 29	....	988,043 92	1,003,641 29
Due on loans in process of completion	254,088 63	1,040 00	....	47,733 43	1,069,327 26	302,862 06
Borrowed on mortgages and on other securities	69,094 86	5,034 77	1,260,663 73	....	2,939,498 33	1,334,793 36
Owing to banks	262,753 54	2,004 57	48,000 00	2,770,916 56	3,006,091 41	3,083,674 67
Other liabilities to public	332,010 44	51,353 60	98,901 01	4,117,736 43	3,361,515 92	4,600,001 48
Total liabilities to public	122,864,077 59	2,502,698 84	4,305,358 32	6,936,875 28	137,298,464 65	136,609,010 03
Contingent liabilities	....	....	....	305,002,125 30	271,293,762 31	305,002,125 30
Grand total liabilities to shareholders & public	192,396,432 90	4,806,174 13	12,341,232 99	335,636,898 76	508,262,498 24	545,180,738 78
Assets.						
Debts secured by mortgages of land—						
Mortgages of realty	156,290,793 52	4,310,522 84	1,905,919 74	7,989,446 77	167,158,513 33	170,496,682 87
Mortgaged land held for sale	246,973 47	41,435 86	....	78,615 38	822,626 80	367,024 71
Interest	1,656,738 39	16,162 87	175,122 61	629,294 27	2,061,211 60	2,477,318 14
Debts secured by:						
Municipal debentures & debenture stock	4,596,627 52	121,540 79	12,000 00	489,199 00	2,605,915 46	5,219,367 31
Government securities	....	....	....	217,198 00	25,000 00	217,198 00
Shareholders' stock	852,300 79	36,504 61	14,022 37	....	816,568 46	902,827 77
Stocks, bonds and securities, other than foregoing	15,873,127 79	35,116 02	6,699,330 21	15,757,155 81	43,064,884 69	38,364,729 83
Office premises	3,204,534 58	16,309 14	20,000 00	2,042,025 88	5,542,353 13	5,282,869 60
Freehold land	614,195 26	15,054 78	2,834,556 17	987,113 02	3,095,563 33	4,450,919 23
Office furniture	62,722 17	6,580 60	611 18	45,302 60	95,411 37	115,216 55
Cash	8,257,223 83	204,126 73	258,330 30	1,629,014 68	10,202,415 10	10,348,695 54
Other assets	741,195 58	2,819 89	59,680 25	770,408 05	1,116,612 50	1,574,103 77
Balance—profit and loss	....	....	361,660 16	....	361,660 16	361,660 16
Total assets owned beneficially	192,396,432 90	4,806,174 13	12,341,232 99	30,634,773 46	236,968,735 93	240,178,613 48
Assets not owned beneficially	....	....	....	305,002,125 30	271,293,762 31	305,002,125 30
Grand total of assets	192,396,432 90	4,806,174 13	12,341,232 99	335,636,898 76	508,262,498 24	545,180,738 78

GROWTH OF CANADIAN LOAN CORPORATIONS.

(*continued from p. 833*).

are up from $23,894,130 to $24,726,476. Debentures payable abroad—the mainstay of the companies' borrowed capital—show an increase for the year of about $400,000, from $77,066,347 to $77,465,324, a figure which while modest enough in itself, under the special circumstances of the year may well be considered satisfactory. This figure is likely to remain stationary this year. The Treasury Committee in London is permitting the companies to borrow amounts equal to those of debentures falling due but no fresh money. Even under these circumstances, the Canadian mortgage companies are securing a preference over those operating in the United States and elsewhere since in the case of the latter companies, the Treasury Committee is not permitting new issues to replace old debentures, and is asking them to take home a proportion of capital annually. It may be anticipated with some degree of confidence, we believe, that the Canadian mortgage companies will, at the close of the war, receive very large amounts of British capital, and that their operations will extend very largely. In view of the necessity for greater production, it is certainly desirable that this should be the case, and that by fair legal treatment, they should be encouraged to enlarge their business.

INTEREST RATES.

It is interesting to examine the records of interest paid on the companies' deposits and various securities. For the whole of the companies, the figures are as follows:—

Interest paid on	Rate per cent.		
	1914.	1913.	1912.
Deposits	4.119	3.750	3.7385
Debentures	4.570	4.599	4.4350
Debenture stock	4.0	4.0	4.0

The average rate of interest received on realty mortgages and other securities owned was as follows:

	Rate per cent. on			
	Mo tgages of realty.		Other securities.	
	1913.	1914.	1913.	1914.
Loan companies (permanent stock)	6.805	6.975	5.632	5.715
Loan companies (terminating stock)	7.20	6.24	7.44	6.30
Loaning land companies	6.20	6.24	6.00	6.00
Trust companies	6.94	7.003	5.759	5.950

BRITISH INDUSTRIAL ASSURANCE COMPANIES' PATRIOTISM.

A large number of the British industrial offices and collecting friendly societies have been acting together in promoting the sale of the vouchers by which very small amounts can be subscribed for the purpose of financing the war, and the same companies and societies have agreed to invest all their future available surplus revenue with the same object.

THE ADVANCE OF ENDOWMENT INSURANCE.

The vigilant observer of the life assurance field cannot fai! to notice how gradually but surely, the scope of the business is extending and the field broadening. The primary idea of life assurance is indemnity, so far as money can indemnify those dependent upon a living provider, in case that provider be taken away by death, just as fire insurance is, primarily, indemn ty for actual property loss sustained by fire. It is to this protective feature of life assurance that a majority of those ente .ng its ranks turn at the present time, whi e in its early days life as urance, pure and simple, on the continued payment plan only, was sought for almost universally. All this has greatly changed, however, until endowments have come to p ay a most conspicuous and mportant part in the conduct of the business, and industrial insurance covers a pretty large field.

The steady growth of these forms of a surance proves that they are adapted to meet a legitimate demand, and that different classes have varying insurance wants. While it will cont nue to be true that the great majority of the people who insure seek after protection for those dependent upon them at the lowest cost safely obtainable, yet the class is large and will increase who desire to add to the protective idea that of nvestment—a safe accumulation available at a future definite time for the benefit of the assured. The average man who is in possession of a fairly profitable business, or the man who occupies a permanent salaried position, has no difficulty in see ng that it is not only a fair investment, but a prudent thing to do to take out an endowment policy, which may easily be paid for with current savings from business or salary for a few years. The sum of $5,000 or $10,000 ready cash awaiting him at the end of a ten, fifteen, or twenty year period, furnishes an attractive prospect, and supplies oftentimes a needed st mulus to prudent saving.

Endowment assurance is a practical and available way to "lay up something for a rainy day" by a large class of men who otherwise will have spent the money saved to meet premium payments without knowing where it has gone.

BANKS OPENING UP IN QUEBEC.

Judging by the energy with which the banks are opening up branches, the farmers and *habitants* in the rural districts of old Quebec are steadily prosperous, though they make very little noise about it. In the first six months of the present year, the number of branch banks in the province increased from 662 to 716, a gain of 54, and in the last twelve months to the end of June, there has been a gain of 88 branches in the province. In the same twelve months, British Columbia shows a loss of 39 branches, Saskatchewan eleven, Alberta eight, and Manitoba two, while Ontario shows a gain of ten.

THE ESSENCE OF THE CONTRACT.

The essence of a contract of insurance is that it is a contract of indemnity, to prevent the insured from suffering loss within the amount of the insurance by means of any of the perils insured against. Of course if, in addition to the value of his property, the insured has distinctly covered an expected profit to be derived therefrom, adjustment will decide what is the equitable measure of loss. But the whole spirit of an ordinary contract of insurance would be violated if the insured could make the occurrence of loss a source of profit to himself; this would give him an interest in producing losses. One of the old writers says upon this subject, "Insurance seeks not gain, but operates to prevent loss."

The principle of indemnity, however, does not require that the insured shall be paid the full value of his interest, and at the same time be permitted to retain such interest or any portion of it. The contract should never be so arranged, that under any circumstances, it could be made profitable to the insured to meet with disaster; he should never make money by his loss. This involves the principle of subrogation, by which any excess of insured interests, beyond the insurance, belongs to the insured.

Indemnity must be adjusted upon the principle of replacing the insured, as far as the amount of insurance will do so, in the situation in which he was at the commencement of the fire. If the loss or damage be less than the sum of the insurance, he should recover all of the loss or damage; if the loss or damage exceed the insurance, he should recover the total insurance. But no recovery can be had unless the insured had, at the time of the insurance, and of the loss, an insurable valid interest in the policy. The price at which the property can be restored at the time of the fire is the money value of the indemnity.

STATEMENT OF CANADIAN ACCIDENTS DURING JUNE, 1915.

Trade or Industry.	Killed.	Injured.	Total.
Agriculture	7	8	15
Fishing and hunting	5	..	5
Lumbering	6	6	12
Mining	14	43	57
Railway construction	1	1	2
Building Trades	6	10	16
Metal Trades	16	52	68
Woodworking Trades	..	9	9
Clothing	..	2	2
Textile	..	3	3
Food and tobacco preparation	2	..	2
Transportation—			
Steam Railway Service	8	21	29
Electric Railway Service	..	5	5
Navigation	7	4	11
Miscellaneous Transport	1	13	14
Public Employees	1	9	10
Miscellaneous Skilled Trades	2	13	15
Unskilled Labour	8	6	14
Total	84	205	289

COST OF LIVING UP AGAIN.

According to calculations made by the Labour Department at Ottawa, it costs the average head of an average family of five \$1.31 more now per week to live than it did in 1911 and at least 30 cents a week more than it did a year ago. In part, this increase is due to war taxation; in part to a rise in the cost of foodstuffs, etc.

The annual report of the Department of Labor, dealing with prices in Canada for the year 1914, as just issued, gives some interesting statistics as to the cost of living and the effect of the war on prices.

AN AVERAGE WEEKLY BUDGET.

An interesting table is that giving a typical week's expenditure of a workingman's family on staple foods, fuel, lighting and rental. The compilation is based on proportionate expenditures on an income of \$800 per year For food the average weekly budget demanded last year \$7.73, as compared with \$7.33 the year before, and \$7.13 in 1911. For fuel and lighting the weekly cost last year was \$1.90, or about one cent less per week than for 1913. Rents show a slight lower tendency. The average last year is placed at \$4.65 per week, as compared with \$4.75 per week in 1913, and \$4.05 per week in 1911.

The figure given for the total weekly budget of necessary expenses for food, rent, light and heat is \$14.31, as compared with \$14.02 for 1913, and \$13 for 1911. Allowing the average cost of living for necessaries given for last year, the workingman with wages of \$800 per year, and a family of five to keep, would have just about \$56 left for the year's clothing, doctor's bills, amusements, church, tobacco and savings.

The Labor Department says nothing about savings, but it is pretty obvious that under such circumstances the best, if not in fact the only way to save is through an insurance policy, small as it may have to be.

INDEX NUMBER STILL HIGH

The Labour Department's index number of wholesale price for June is reported as 147.3, compared with 147.6 for the preceding month, and 135.2 for the corresponding month of last year. Although there have been some decreases in the prices of foodstuffs during the past few months, this is counterbalanced by increases in the price of metals and other commodities, which keep the cost of living up to the record figures which have prevailed since the beginning of the year.

FOR NECESSARIES, NOT LUXURIES.

Man insures to provide necessaries. He never intentionally provides an insurance benefit by which his beneficiary may secure luxuries which he cannot furnish while living. If, therefore, a part of the benefit be used after his death for something he could not provide from his income during life, that part of his premium payment which furnished that part of the benefit so used, was, in effect, an overcharge to him. If he provide a benefit payable as income, he will receive exact value for every dollar of premium paid; for the instalments of income, by their frugal size, will enforce economy from first to last.—*Frederick F. Taylor, Metropolitan Life.*

FIRE INSURANCE PROFITS.

Only those unfamiliar with the subject will advance the claim that insurance companies are reaping extravagant profits from the fire insurance business. Yet this contention is often made without first properly considering all the factors, or comparing the outgo with the income. Those imbued with this false idea overlook the fact that fire insurance cannot be determined by the results of one or two years. Disasters such as those which visited San Francisco, Chicago, Boston and Baltimore, may wipe out the profits of many prosperous years.

A REASONABLE PROFIT.

Suppose, for example, an insurance company should clear, say, $100,000 in a year, after payment of losses and expenses and making provision for its reserve, there is no justification for the claim that this sum affords an enormous profit. If the premium income of the company was $2,000,000 (and that is a fair volume of business) the above profit would only be 5 per cent. Surely, this is not unreasonable nor enormous. Still, in spite of these facts, an erroneous opinion seems to prevail generally concerning the profits made in the fire insurance business, and not unfrequently is heard a cry for a reduction of fire insurance rates, with a denunciation of the companies as soulless corporations and powerful monopolies—all the result of a misconception of the basic principles upon which the profits of fire insurance are calculated and a failure to understand the difference between a transaction in fire insurance and one in any other commercial pursuit.

AN UNKNOWN QUANTITY.

The sale of fire insurance differs materially from the sale of any other thing, in that it is a sale of an unknown quantity. The underwriter contracts to pay the insured the total sum insured at any time during the existence of the policy, so that the company may become liable to adjust the entire amount of the insurance immediately after the policy has been delivered. It may never be called upon at all—or if so, for only a trifling percentage of the policy. Not a few ignorant people contend that the reserve of a fire insurance company is just so much money improperly extracted from the public. It is a safe prediction that much of this complaint comes from those who would, in case of fire, put down their own profits at double the percentage earned by the fire underwriting corporation.—*Insurance Press.*

THE SPIRIT OF ENGLAND.

A London cable says:—"The question as to further war loans and their terms, if the war continues, will depend on the course of the war itself. But it should be clearly understood that England is ready to face another requisition for a thousand millions sterling next year rather than consent to an inconclusive termination of the war. Financial London is steadfast in its conviction that the final complete triumph of the Allies is the only guarantee of the speedy financial recuperation of the whole world—not excluding Germany."

There will be no official minimum price for the new War Loan on the London Stock Exchange.

GUARDIAN ASSURANCE COMPANY, LIMITED.

It is officially announced in London, England, that Mr. George William Reynolds (who has been in the service of the Guardian Assurance Company for the past 26 years, and since 1897 manager of the company's Law Courts Branch, London, England), has been promoted to the position of General Manager and Secretary.

Another important appointment arising out of the retirement of Mr. A. J. Relton, is that of Mr. Robert William Campbell Davidson as manager of the fire department. This gentleman has been connected with the Guardian for the past 20 years and has served as General Foreign Inspector, becoming Foreign Fire Superintendent in 1910 and subsequently Assistant Manager of the Foreign Fire Department. Doubtless, Mr. Davidson at an opportune time will visit Canada where the Company has become most popular under the management of Mr. H. M. Lambert.

Mr. T. G. C. Browne, who retires from the secretaryship of the company on account of advancing years, has been elected a director.

INSURANCE COMPANIES' SUBSCRIPTIONS TO WAR LOAN.

The following subscriptions to the new War Loan by insurance companies are reported *inter alia* by English exchanges:—

Employers' Liability, £113,400; Gresham Life & Fire & Accident, £70,000; Guardian, £200,000; Law Union & Rock, £262,000; London Assurance, £150,000; North British, over £500,000, (after conversion of Consols, £1,100,000 in the two War Loans); Northern, £170,000; Norwich Union Fire, £100,000; Scottish Union & National, £100,000; Prudential, $5,000,000; Sun Life of Canada, $200.000.

This list omits several of the largest companies. It would be interesting if a complete list of the subscriptions made by insurance organisations to the new War Loan could be compiled. Such a list would form a striking revelation of the large financial resources of these companies as well as an indication that they are at the present time performing a notable service in furnishing the sinews of war for the Empire.

VERDICTS IN SUICIDE CASES.

Every time a prominent or wealthy man commits suicide, the most strenuous and absurd and almost criminal efforts are made by the family and friends to have it appear as accident or murder, says the Insurance Post. This is partly due to a desire to realise on the life insurance, in case any of it is recent enough to come within the provisions of the suicide clause, to make accident insurance collectable, or to spare the feelings of the family from the verdict of suicide.

Some consideration may be paid to the feelings of the families, but so far as the motive is to defraud insurance companies it is not only unworthy but criminal. Insurance companies are often criticized for contesting doubtful claims, but if the public was aware of the often outrageous attempts made to conceal evidence, distort the facts and secure prejudiced verdicts from coroners' juries, it would wonder that more claims are not contested, with criminal prosecution besides.

FUTILE CANCELLATIONS.

One of the State insurance departments south of the boundary draws attention to a point which has a good deal of interest in Canada—the fact that frequently cancellations on the orders of a special agent are futile, action by one company leading merely to another company promptly taking up the risk. These cancellations are futile, says this authority, not because of the failure of the individual to perform his duty, but because of the system, or lack of system, which fails to give the public the benefit of his inspection

The special agent may find that a risk placed in his company is not desirable because of over-insurance; because of the character or fire record of the insurer; because the land is more valuable without the building than with it, or for any one of a score of reasons The special agent, accordingly orders the cancellation of the risk in his company. The local agent cancels, but may immediately rewrite it in another company in the agency, and that company will then carry the risk until its special agent arrives on his periodical visit, inspects and orders cancellation. This process, of course, may be repeated indefinitely until the risk burns. The local agent feels sure, and with good reason, that if he does not rewrite the risk his competitor will, and the special agent, knowing that the risk will be written in his rival's company and desiring to make a good record for premiums, will often be tempted to "take a chance" rather than lose the business under such conditions. The result is that there are so many more fire losses to pay.

SUGGESTED REMEDIES.

The following action is suggested as likely to remedy this condition of affairs:—

(*a*) The forms of every company should require a statement bringing out the facts as to cancellation, if there has been such. They would then be put on notice as to the risk and could investigate for themselves the points raised by the cancelling company.

(*b*) If local agents were compensated on a contingent commission basis, they would have a very pronounced incentive to heed the special agent and would hesitate to rewrite a risk found unsatisfactory, before the conditions were corrected.

With a system of this kind, the local agent would see to it that such limitations as to "other insurance" were placed in his policies as would keep the insurance within the value; and the inspection of risks and improvement of fire hazards by both special and local agents would be greatly encouraged.

THE ROLL OF HONOUR.

English insurance journals to hand contain the following names of insurance men who have fallen in the service of their country:—Lieutenant G. C. Burnell, Liverpool Scottish, Head Office staff, Royal Insurance Company, died of wounds received at Hooge; Second Lieutenant L. St. L. Windsor, 2nd Suffolks, head office staff, London Guarantee & Accident, killed at Ypres. The following have been honored for distinguished service:—Lieutenant L. S. Clinton, 23rd Battalion, London Regiment (Territorials), Sun Insurance Office, awarded the Military Cross; Captain G. Travers Biggs, 1st Glamorgan Fortress Royal Engineers, Sun Insurance Office, mentioned in despatches.

REFRIGERATING EXPLOSION HAZARD.

An unusual number of explosions or ruptures in connection with refrigerating systems has served to call special attention to the action of ammonia fumes when suddenly released from the customary pressure of 125 to 175 pounds. "It appears," says Superintendent F. J. T. Stewart, of the New York Board of Fire Underwriters, "that in most cases, explosions of varying intensities or at least fire resulted directly or indirectly from the presence of the released ammonia vapor. The commonly accepted explanation of such fires or explosions has been that they are due to the presence of oil in ammonia gas, the oil being used somewhat extensively for lubrication and sometimes for cooling compressors.'

GREAT CARE NECESSARY

Superintendent Stewart further says:

"By way of accounting for explosions of ammonia vapor suddenly released from high pressure when not attributable to the presence of lubricating oil, it has been suggested that decomposition of the ammonia might take place, especially in the presence of an intense heat such as that of an electric arc light, resulting in the liberation of hydrogen, which forms an explosive mixture with air. It has also been suggested that certain impurities in the ammonia might increase the tendency to decomposition or explosion. In a number of the cases reported herein a definite explanation of just what caused the explosion of the ammonia vapor seems to be impossible, but the facts, as nearly as can be ascertained are submitted. The practice of testing refrigerating systems with air pressure is especially hazardous, unless all oil is thoroughly removed from the entire system and great care is taken to prevent overheating of the air while being compressed. The last explosion reported was due to this cause.'

LOOK AFTER LAPSES.

The present is an exceedingly good time for the life companies and their agents to get busy in looking after lapses. They cannot expect to do as much new business as in former years and some of the energy that is devoted to chasing up that might well just now be given to the task of keeping in force the business that the companies have previously obtained. In following this course, the companies would be killing two birds with one stone, conserving their own interests and furthering those of the community at large. To allow existing insurance policies to lapse is a poor economy at the present time particularly, and a company which permits policyholders to fall away without a determined and reasoned effort to retain them has no right to consider that it is performing its plain and simple present-day duty.

The effects of the war upon British trade are shown in the trade returns for June. The total imports of the United Kingdom for the month were £76,117,797, an increase of £17,838,144 compared with June, 1914. The total exports last month were £33,233,568, showing a decline of £6,530,408 compared with the corresponding month in 1914.

WEAKNESS OF MUTUAL COMPENSATION INSURANCE.

Herbert L. Kidder.

One of the main objections to mutual workmen's compensation "insurance" is that it is not insurance. It is merely a pool of funds contributed by employers who agree among themselves to contribute pro rata to the cost of making payments and furnishing statutory medical aid under a workmen's compensation law, binding themselves to pay the entire cost, no matter how high that cost may be ultimately. A compensation mutual has no funds beyond its premium income and interest earnings thereon, and there is no guarantee that it will fulfil its assumed obligations.

Operations of a compensation mutual are generally confined to the state in which it is organized. Therefore, it is not possible to secure a sufficient volume of premiums to build up a financially strong institution, while the restricted field in which a mutual operates precludes possibility of obtaining proper distribution of risk and application of the law of average, two fundamental principles of sound insurance. Even though a mutual wrote every risk in a single class of business in the state in which it is operating it would still have a most limited area of risk distribution. Its eggs would be all in one basket—and in a very small, frail basket.

A single catastrophe or an unfortunate year of heavy losses could have but one of two results. If the contingent or assessment liability of each member has been fixed by the mutual's by-laws, the mutual will be unable to pay its losses in full. On the other hand, if the by-laws permit assessment in excess of the amount of advance premium, then the increased cost of the insurance resulting from such assessment liability will prove financially embarrassing to many members. And under many workmen's compensation laws the claim of an injured workman is a first lien on the individual assets of an employer; hence solvent members of a mutual must pay both their own losses and the losses of their insolvent associates.

NO CERTAINTY OF COST OR PROTECTION.

Such "insurance,"—mutual insurance—affords no certainty whatever of cost or protection. After the premiums have been exhausted, recourse is had to the assessment liability. After that, what? The individual assets of the members—the solvent members. Does any wise employer wish to expose his business, his personal assets and his financial reputation to the chance of being forced to assume the obligation for payments to workmen who have been injured in the plant of another who is financially unable to meet his obligation? No, most emphatically, no. The solvent employer exercises no supervision over the machinery, tools, equipment or employes of that other who shifts his burden to his creditors. And fellow members in a mutual are creditors of the insolvent in the matter of insurance.

Insurance at an unknown cost or insurance which affords uncertain protection is insurance in name only. Owing to the peculiar nature of the risk created by a workmen's compensation law, insurance thereunder on the mutual plan is fundamentally unsound because both cost and protection are uncertain. Workmen's compensation laws provide no limit for the aggregate amount payable in event of a disaster causing death or injury of a number of workmen. Most such laws provide an individual, but not a collective limit of payment. Such catastrophes occur, as perusal of daily newspaper records will show. What mutual, operating on the volume of premiums obtainable in but one state, could have met the losses resulting from the two recent coal mine disasters in West Virginia, or the Triangle Waist fire, or the Emerson shoe factory boiler explosion in Massachusetts, or the Binghamton, N. Y., fire? If it could meet such losses, could it continue in business, meeting in full its other obligations? The reply is obvious.

LITTLE MUTUAL EXPERIENCE.

Less than one per cent. of the employers of the United States carry compensation "insurance" in mutuals; none of the compensation mutuals has yet met with a catastrophe loss; in fact no compensation mutual has attained sufficient size to enable it to determine whether its premium rates are adequate for more than current losses; the deferred liabilities, attaching for a period of six or more years after the accident, afford no basis for an inexperienced mutual to base calculation of rate adequacy or to establish a true loss ratio. Workmen's compensation laws are still in the experimental stage. Mutual compensation insurance is an experiment. How many conservative employers care to experiment in the casualty insurance business? It is a speculation to which they should not commit themselves.

Mutual compensation insurance should not be compared with mutual fire insurance. The entire liability of a fire insurer is determinable immediately after the fire has been extinguished. In workmen's compensation insurance loss payments are distributed over a period of years, according to the extent of the disability, the earning power of incapacitated workmen or the number and financial condition of dependents. The deferred liabilities are indefinite—contingent. It is absolutely impossible to calculate with reasonable certainty the amount which must be paid six years hence for losses incurred now. This indeterminate amount of future payments requires ample capital and strong surplus to insure that the obligations will be met in full.

DIVIDENDS AND ASSESSMENTS.

A mutual may expend—actually pay—this year less than it receives in premium income, but the excess of premiums over paid losses cannot be called a profit. The entire amount or more may be needed next year or the second year following to meet payments on losses incurred during the year in which there was an unexpended balance. Until true loss ratios have been established and until it can be estimated with greater certainty that current premium rates are approximately adequate for the carrying of all obligations to maturity it is not safe to say that any compensation is successful or to hope for a "dividend." This year's "dividend" may be next year's assessment.

It is an apparently established principle of business that a manufacturer must have fixed costs. How can any business man establish fixed costs if he carries compensation insurance in a mutual to which he is liable at any time for larger payments than those to which he originally subscribed? And those assessment payments may be for losses of another member of the mutual. It is the old story—

those who are fortunate pay the bills of those who fail. The burden must be carried by some one, when one is reckoning with workmen's compensation laws. The statute, as far as possible, guarantees to the injured workman or his dependents the recompense for his injuries.

IMPERFECT COVERAGE.

There are many technical points in the policy coverage, too, which furnish food for thought when mutual compensation insurance is compared with real insurance with a stock liability company. How can a mutual operating under the compensation statute only cover that liability to others than employes—loss of service—always an integral part of stock company employers' liability insurance, but eliminated from workmen's compensation laws? A mutual, operating under a compensation law only, cannot cover liability under other statutes. Suppose a wife, a widow, a father, a mother, brings action at law for damages for loss of services of a husband, a wife, a son or a daughter? A workmen's compensation law deprives only the employe of the right of action at common law. A workmen's compensation law usually provides compensation for injury. How can a mutual affording statutory coverage under the compensation law alone, insure against instantaneous death by accident where there is no injury?

Powers of officers of corporations are defined and limited by the charters of the corporations. Workmen's compensation laws do not amend the corporation laws. What right, then, has an officer of a corporation to expose his corporation and its stockholders to a greater liability than that fixed by the corporation laws by placing the compensation insurance of the corporation in a mutual? In the event of the demise of such officer would there not be a personal liability for his act developing upon his estate? Partners are individually liable for co-partnership acts. Can a member of a co-partnership afford to become personally liable for mutual insurance assessments in case of sudden demise of his partners or dissolution of his firm? Contingent or assessment liability is not an asset. Would a mutual compensation policy aid or hinder a borrower? This latter question might become of serious import in times of strained credit.

Avoid difficulties. Purchase compensation insurance in a strong, sound and well-managed stock liability company, from which can be obtained the highest quality of service.

AIRCRAFT INSURANCE.

Lloyds are reported to have received enormous sums in premiums for aircraft insurance. Non-marine underwriters at Lloyds were asked to take practically the whole business of the kind in Great Britain, and for their own protection, underwriters kept raising rates. As they found they could get any amount of business at 1s. per cent. they put their rate up to 2s. per cent., when full at 2s. they rose to 2s. 6d., full at 2s. 6d. they went to 3s. 4d., and then to 5s. per cent., and so on—rates constantly going up as demand increased. For three months' cover of merchandise waiting shipment or cartage in dock warehouses, the rate is as high as 50s. per cent. The Government will now bring out a scheme with rates probably considerably lower than those charged by Lloyds.

DOMINION TRUST'S DEPOSITORS' CLAIMS THROWN OUT.

The claims of depositors in the defunct Dominion Trust Company, of Vancouver, five thousand in number and aggregating in amount about a million dollars, that they rank as creditors, have been thrown out by Mr. Andrew Stewart, the liquidator. Mr. Stewart divided the depositors into three groups, and in refusing their claims, is said to rely on the Birkbeck Bank case in London, England, where a concern which finally smashed, received deposits without any legal right to do so. The Dominion Trust is said similarly to have had no legal right to receive deposits, although even directors carried heavy deposits up to the time that the concern closed its doors. During the last year of its existence deposits were taken by a pass book system, which stated that the monies were held "in trust for investment." More than half the total amount of deposits is represented in this class. In the test cases which are to be at once taken, the depositors will, it is stated, argue that they were not really depositors, but investors and therefore have the right to rank with general creditors. The Provincial Government will pay the costs of this action by the depositors, many of whom are reported to have been extremely hard hit by the failure.

It is likewise reported that whatever the results of this litigation, the losses in the failure are so heavy that it is possible there will be little left for the creditors.

TRADE RETURNS AGAIN FAVORABLE.

A preliminary statement of Canadian trade during June issued at Ottawa this week shows again favorable developments. Merchandise exports during the month exceeded merchandise imports by nearly $12,000,000. The total Canadian trade for June was $127,402,516, as compared with $77,-240,151, in June, 1914, and for the three months ending June 30, 1915, $272,646,868, of which fifty million was bullion exports, as compared with $213,108,395 for the first three months of the fiscal year in 1914.

Imports for June, 1915, were $35,784,276, and for June, 1914, $45,957,427, while for the first three months of the fiscal year they were $99,794,976, and for last year $128,843,347.

Exports for June of this year were: Merchandise, $47,500,000, and bullion, $44,259,738, while exports of merchandise last year in June were $31,-282,000. For the three months this year exports of merchandise were $173,000,000, and last year $84,000,000.

This year's June excess of exports over imports of nearly $12,000,000, compares with an excess of imports over exports about $14,000,000 in June, 1914.

In 1913, British Government securities only represented about 1 per cent. of the total assets of life insurance companies established within the United Kingdom—£5,300,000 out of a total of upwards of £530,000,000. A remarkable change is likely to be seen when the accounts for the current year become available in view of the very large subscriptions made by British insurance companies to the new War Loan.

CANADIAN FIRE RECORD

Specially compiled by The Chronicle.

PLASTER ROCK, N.B.—Grocery store owned by C. L. Brent, and a hotel owned by W. Turner destroyed July 14. Loss $5,000.

ATHENS, ONT.—Buildings of A. A. Ferguson partly destroyed, July 14, with stock valued at $1,200. Loss partly covered by insurance.

INGERSOLL, ONT.—Barn of Alonzo Johnston of Centreville, destroyed with contents July 15. Loss considerable, with small insurance.

OWEN SOUND, ONT.—Automobile destroyed in Frost's garage, July 14. Gasoline ignited when cylinders were being cleaned. Loss unknown.

ALEXANDRIA, ONT.—Grand Trunk station and restaurant destroyed July 14. Fire believed to have originated in sparks from shunting engine.

THOROLD, ONT.—The Carniagan Reduction Company's laboratory building destroyed with contents July 13. Loss $10,000. Origin unknown. Loss covered by insurance.

QUEBEC, QUE.—Three tenement houses rear of Victoria street destroyed, July 14. The occupants were: Jacques Dion, Xavier Dion, and Dominic Renaud. Four lives were lost.

BERWICK, N.S.—Berwick planing mills owned by J. W. Hutchinson destroyed, and plant of Berwick Fruit Company also burnt, July 15. Loss to planing mill $10,000; no insurance. Loss to Fruit Company's plant $1,500.

MONTREAL, QUE.—Tenement house on Richmond street gutted July 17. Occupants who suffered by smoke and water were:—T. Mercier, grocer; Mrs. Mary Walsh, T. McCarthy, J. Robinson, Peter Jeffries and M. Kerrigan, and several Italians. Loss unknown.

ORILLIA, ONT.—In the fire which occurred at the Town Hall and Opera House on the 17th instant, the following companies are interested:—Merchants, $7,000; Fire Insurance Exchange, $4,000; National Ben Franklin, $4,000; Wellington, $4,000; Total, $9,000. Property loss $40,000.

HEAVY SAW MILL LOSS AT CACHE BAY, ONT.

On the 15th instant a fire occurred on the premises of the Gordon Lumber Company's saw mill at Cache Bay, Ont. Insurance as follows:—

Queen	$10,000	Liverpool & London & Globe	$12,500
North America	5,000	London Assurance	1,750
Law Union & Rock	2,500	Commercial Union	5,000
Phœnix of London	5,500	North Brit. & Mer.	5,000
Atlas	3,000	Norwich Union	4,000
Guardian	5,000	National of Hart.	5,625
Yorkshire	5,000		

Schedule, $94,000; loss about 80 per cent. on mill.

The following companies are also interested, but details are not to hand as we go to press:—British America, Home, Western, Connecticut, London & Lancashire Fire.

A new subsidiary of the London & Lancashire Fire, the London & Lancashire Indemnity of America, has received its New York certificate of authority and commenced business

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It is stated that the "approved societies," which are part of the machinery through which the British system of compulsory insurance is carried on, are likely to have to make claims upon the State for assistance to meet the unforeseen liability that has fallen upon them by reason of the war, if they are to avoid serious financial difficulties.

PARAGRAPHS.

One of the most opportune times to canvass a man for life insurance (the Equitable of New York's publication declares) is just prior to the day on which his insurance age will change.

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The Metropolitan Life has already paid out $98,000 on Toronto soldiers, insured by the City with the Metropolitan, who have been either killed, died from wounds or of illness contracted since going to the front.

* * *

The question of arranging a large British credit on this side the Atlantic is again reported on the tapis. The possible basis of the credit is the deposit with American bankers of a special issue of British 5 per cent. five-year tax-exempt Exchequer bills.

* * *

Mr. J. H. Sherrard, president of the Canadian Manufacturers' Association, following a visit to the Coast, expresses the opinion that Westerners, and particularly British Columbians, are more economically inclined at the present time than any other community. He regards the future optimistically.

* * *

The Union Bank of Manchester, one of the leading English provincial banks, recently announced that all deposits made in the recently opened savings department will be lent to the Government for the prosecution of the war. Nevertheless, the bank undertakes to repay deposits on demand whenever required.

* * *

The need for retrenchment on the part of the individual citizen is rightly being emphasized, but there are plenty of ways of economising, and the discontinuance of insurance premiums at this time should obviously be one of the very last. Life assurance, in particular, is a necessity, and never more so than in these days of upheaval.—*Post Magazine.*

* * *

After making a 2,000 mile trip through the Prairie Provinces, Mr. W. A. Black, vice-president and managing director of the Ogilvie Flour Mills, reports that from his observations, conditions in Manitoba are average, while in Saskatchewan and Alberta, the growth is late. There has been ample moisture and the need now is for warm weather to aid in the maturing stages of the growth.

* * *

The half yearly statement of the Dominion Bank for the period ended June 30 shows profits for the six months of $420,394 compared with $473,970 in the corresponding six months of 1914. Dividends absorbed $360,000, the profit and loss balance forward being increased to $344,711. Total deposits at June 30 were $57,733,946 against $59,574,988 in 1914. Call and short loans increased $3,000,000 to $9,200,000 while current loans decreased $10,300,000. Cash assets at June 30 were 29 per cent. and liquid assets 53 per cent. of liabilities to the public.

Traffic Returns.

CANADIAN PACIFIC RAILWAY.

Year to date	1913	1914	1915	Decrease
June 30..	$64,332,000	$52,907,000	$41,261,000	$11,646,000
Week ending	1913	1914	1915	Decrease
July 7..	2,700,000	2,343,000	1,666,000	677,000
14..	2,604,000	2,285,000	1,635,000	650,000

GRAND TRUNK RAILWAY.

Year to date	1913	1914	1915	Decrease
June 30..	$27,138,193	$24,964,083	$23,174,746	$1,789,337
Week ending	1913	1914	1915	Decrease
July 7..	1,087,463	1,048,006	990,278	57,728
14..	1,131,358	1,072,872	989,629	83,243

CANADIAN NORTHERN RAILWAY.

Year to date	1913	1914	1915	Decrease
June 30..	$10,739,900	$9,335,700	$7,259,100	$2,076,600
Week ending	1913	1914	1915	Decrease
July 7..	432,700	362,000	258,800	103,200
14..	454,500	375,000	279,100	95,900

TWIN CITY RAPID TRANSIT COMPANY.

Year to date	1913	1914	1915	Increase
June 30..	$3,442,269	$4,468,940	$4,547,408	$78,468
Week ending	1913	1914	1915	Decrease
July 7....	$179,736	193,724	181,958	11,766

HAVANA ELECTRIC RAILWAY COMPANY.

Week ending	1914	1915	Decrease
July 4.....	56,068	54,811	1,257
" 11.....	54,606	54,650	Inc. 44
" 18.....	55,076	54,245	831

DULUTH SUPERIOR TRACTION CO.

	1913	1914	1915	Decrease
July 7......	29,163	29,861	23,155	6.706
14......	25,433	24,966	21,038	3,928

MONEY RATES.

	To-day	Last Week
Call money in Montreal.............	6-6½%	6 -6½%
" Toronto	6-6½%	6 -6½%
" " New York............	1¾%	1¾%
" London	4-4½ %	1¾-2%
Bank of England rate...............	5 %	5%

CANADIAN BANK CLEARINGS.

	Week ending July 22, 1915	Week ending July 15, 1915	Week ending July 23, 1914	Week ending July 24, 1913
Montreal..	$47,670,717	$47,950,503	$64,127,680	....
Toronto...	27,103,500	36,623,246	42,033,098	....
Winnipeg..	16,615,941	17,366,483	....	....
Ottawa....	4,230,566	4,032,160	....	....