

tion of them is to be paid as dividends to the shareholders, for such dividends are often subject to an income tax. The taxation of capital is one of the most objectionable of imposts; it is the most unreasonable. If carried on persistently, the ultimate effect of a tax on capital is to extinguish the capital which is taxed, the life blood of which it drains away, drop by drop, year after year. The growing disposition of governmental authorities to tax capital is much to be deplored, as being a sign of the influence of socialistic antagonism to those, who, by thrift, by business energy, by financial acumen, by enterprise, have accumulated money, and who thereby have enlarged the productive and industrial resources of the country. Taxing capital is a fiscal form of killing the goose that lays golden eggs.

### TRUSTEES' INVESTMENTS IN COLONIAL STOCKS.

Since the Colonial Stock Act of 1900 was finally passed in August last, the public have been awaiting with interest the Treasury's announcement of the conditions under which trustees may invest in colonial stocks. On December 14th last the long-expected Order relating to this important matter was published in the "London Gazette," as provided for in section 2 of the Act. The Order is as follows:—

The Lords Commissioners of Her Majesty's Treasury, in virtue of the power bestowed upon them by section 2 of "The Colonial Stock Act, 1900" (63 and 64 Vict., c. 62), are pleased to prescribe the following conditions under that section:—

#### CONDITIONS.

1. The colony shall provide by legislation for the payment out of the revenues of the colony of any sums which may become payable to stockholders under any judgment, decree, rule, or order of a Court in the United Kingdom.
2. The colony shall satisfy the Treasury that adequate funds (as and when required) will be made available in the United Kingdom to meet any such judgment, decree, rule, or order.
3. The Colonial Government shall place on record a formal expression of their opinion that any colonial legislation which appears to the Imperial Government to alter any of the provisions affecting the stock to the injury of the stockholder, or to involve a departure from the original contract in regard to the stock, would properly be disallowed.

Copies of the above Order may be obtained from Messrs. Eyre and Spottiswoode, East Harding street, Fetter lane, E.C., and 32, Abingdon street, Westminster, S.W.

In the London "Gazette" of 21st December there was the following announcement by the Treasury, respecting certain colonial stocks. Although these are the only stocks in respect of which the conditions laid down by the Act are at present complied with, it is understood that other Colonial Governments are introducing the necessary legislation, and further lists of stocks thus rendered available for trustees will be published from time to time:—

#### LIST OF STOCKS UNDER SECTION 2.

Pursuant to Section 2 of "The Colonial Stock Act, 1900" the Lords Commissioners of Her Majesty's Treasury hereby give notice that the provisions of the Act have been complied with in respect of the undermentioned stocks registered or inscribed in the United Kingdom.

#### Dominion of Canada.

- 4 per cent. loans of 1874, 1875, 1876 and 1878-79.
- 3½ per cent. loan (1900-34).
- 4 per cent. reduced loan.
- 4 per cent. loan (1910-35).
- 3 per cent. loan.
- 2½ per cent. loan.

#### New Zealand.

- 4 per cent. consolidated stock (1920).
- 3½ per cent. consolidated stock (1940).
- 3 per cent. consolidated stock (1945).

The restrictions mentioned in Section 2, subsection 2, of "The Trustee Act, 1883," apply to the above stocks (see Colonial Stock Act, 1900, Section 2).

Treasury Chambers, S.W., December 20th, 1900.

### ACCIDENT INSURANCE RATES.

The Accident Insurance Association endeavoured some time ago to get each company engaged in the business in Canada to sign an agreement to charge equitable rates. We understand there are two very important companies who have refused to join the majority. As it should be in the interest of all companies engaged in the business of accident insurance in Canada to sign such an agreement, we trust it will soon become "un fait accompli."

### THE LAW RE STORAGE OF EXPLOSIVES.

The interests involved in the case of the explosion and fire in New York, which is becoming known as the Tarrants "case," and so large, so far reaching and so important to underwriters that there is the utmost desire to learn what are its legal aspects. The underwriters' claims amount to over one million dollars, and the heirs-at-law of the unfortunate victims of the disaster will bring suit for damages if it is disclosed that there is a good ground for action against the firm on whose premises the explosion occurred.

Mr. Stevens, professor of insurance law in the New York University Law School, has made the following statement:—"The insurance companies anticipate evidence which will show that Tarrant & Co. had on their premises explosives in quantities prohibited by law (and in excess of what the permit granted the firm actually called for), and thus to maintain that the policies are void, because of the stipulation in the standard form of policy that 'this entire policy shall be void if the hazard be increased by any means within the control or knowledge of the assured.' The inquest is also being attended by attorneys for the administrators or legal representatives of persons killed by the explosion, in the hope of discovering grounds for action against the firm. A very recent case in Liverpool, England, known as the 'St. Helens explosion' case, where a large quantity of chlorate of potash exploded after a fire had been raging for some minutes in the factory of the United Alkali Company, causing damage to the gas works of the St. Helens Corporation, located opposite the alkali factory, holds the alkali company liable to the corporation for negligence, in that the company did not take all reasonable care and precaution to prevent accident by fire and explosion (or explosion) in the manufacture of chlorate of potash. This case, while important as bearing on the question of the liability of Tarrant & Co. for damage in the neighbourhood (should they be shown to have been negligent) is chiefly valuable to the insurance companies because