

Canada, it may be added, is barring out the Chinese, and the workmen are beginning to call for additional restrictions, under the pretence of keeping out paupers, but really as a means of preventing competition with themselves. The new French decree does not differ in spirit from the action taken by the governments of several other countries. Yet, after all, a free movement of population from one country to another is most in the interest of the workmen.

CANADIAN TWEEDS.

For years the wholesale dry goods trade of Canada has made "a lead" of Canadian tweeds, and for years they have been sold by many houses at a profit of 5 per cent.—not enough to pay travellers' expenses. Little by little the price of common domestic tweeds has been brought down by competition until, the manufacturer finding that profit was no longer possible if he continued to produce a certain staple article of accustomed quality at the reduced price, resorted to debasing his goods. Common tweeds that had long been staples at 50 cents per yard, were forced down to 35 cents. The maker continued to produce them, of course; not that the mill ever had 15 cents per yard profit on them at 50 cents, but that the manufacturer must perforce use, for the cheaper price, cheaper material, and so degrade the product as the price was forced down, and perceptibly injure the reputation of Canadian tweeds.

If, it may be said, folks will have shoddy, let them have shoddy, at shoddy prices. Yes, and if they want paper shoes, leather-board shoes, instead of leather shoes, let them have the cheap and flimsy article. But we refuse to believe that all people want shoddy, at least when they ask for and believe they are buying something else. There are plenty who are able and willing to pay for something that will wear. In proof of this, we find a manufacturer writing to the *Journal of Fabrics*, evidently resisting this demand for cheap and poor goods, as under: "We find a growing feeling in the wholesale trade for a cheaper and poorer quality of goods. We have always tried to keep up the quality of our goods, and the reputation of the mill has had something to do with the rapid sale of our products. Now all is changed, and the demand is for something cheap." They then point out that it is only in the custom department of the mill that a good quality of tweed is still appreciated and demanded. Indeed, when selling to the farmers and local trade direct, they find it is only the old-fashioned strong pure wool cloth that is called for.

Most manufacturers will of course cater for the thing that suits their purchasers, some would use corn-stalks or excelsior, if these were practicable to weave tweeds out of, provided it would sell, when made. But mills that possess a reputation for making substantial and honest goods for years, do not without reluctance forego their pride in such products and turn to making cheap and nasty stuff. No more than an artist of real skill in oil or water colors readily consents to paint "pot-boilers."

THE MORAL HAZARD IN FIRE INSURANCE.

When various insurance experts connected with stock and mutual companies were being examined during the last session of Parliament by the "Combines Committee," of which Mr. Clark Wallace, the member for West York, was chairman, that gentleman endeavored to show that under a Tariff Association the agents of insurance companies had no discretion in the matter of increasing the minimum rate of premium on account of any moral hazard involved in accepting any given risk. The evidence of Mr. Tatley, chief agent of the Royal Insurance Co.; of Mr. James Boomer, of the Western Assurance Co., and of Mr. Robert McLean, secretary of the Canadian Fire Underwriters' Association, all declared that the agents of companies had just as much discretion and power to take the question of moral hazard into account, in fixing the rate of premium, as they had before any association of companies had been organized.

The temptation to which a man's moral fibre is sometimes subjected in given circumstances is what constitutes the moral hazard. It has reference not only to his honesty, moral character, social and commercial standing, but also to his business capacity, whether able and shrewd or otherwise—to his habits of carefulness in his business, whatever these may be. All of these things enter as factors into the moral hazard. A fire may in its origin be of a criminal nature, and punishable if found out, or it may be the result of gross carelessness. In either case the evil result is the same to the insurance companies. No honest, conscientious agent will ever put his company on a risk when he has good reason to believe that the criminal moral hazard is involved, and if he did no rate he could name would be adequate to the risk incurred in a case of this kind. On the other hand, agents frequently come in contact with men of sterling integrity, but who, from their careless habits in connection with business affairs, render their property more liable to fire than men of like character who keep everything about their premises snug and tidy. Who, in short, have everything in its proper place, and a place for everything. It is in such circumstances that the honesty of the insurance agent is tested. The dishonest one, who cares about nothing but his commission, and will make no difference between the classes of men we have described, is an undesirable agent, and the sooner his services are dispensed with the better for his company or companies.

Perhaps the best remedy that can be applied is for companies to give their agents a contingent commission on the profits of their agencies. Mr. E. A. Munson, of the North British & Mercantile Insurance Co., read a very able paper on the subject at the recent meeting, at Chicago, of the fire underwriters of the North-West, from which we take the following extract:

"I will offer a seemingly feasible plan, and should it be earnestly discussed by the parties at interest, I should like some day to hear from the local agents themselves, many of whom are wiser in their day and generation than they are having the credit for.

"A classification of the agencies is first in

order. Those agencies whose premium receipts exceed a thousand dollars, and are carried on as a business and not a make-shift, should be placed in the first class. To this class should be paid the regular and uniform commission by each company, based upon its receipts only. To this should be added a yearly contingent commission based upon the profits of the agency for that period. An agency can only be entitled to a contingent commission when the losses and expenses of all the companies represented are less than the receipts of all, and just so much as the receipts of all exceed the losses and expenses of all, that difference should form the sum upon which to pay a ten per cent. contingent commission by each company in proportion to its business in the agency. Illustrated thus:—Three companies represented, premium receipts, \$500 each—\$1,500; expenses, \$500; net premium, \$1,000. If no losses occur, each company pays 1/3 of \$100, and if \$500 losses occur for any one or all combined, then each company pays 1/3 of the \$50 commission on the profits.

"If any one or all combined lose \$1,000, no contingent commission is due to the agent at the end of the year.

"Loss agencies are not paid; gain agencies are paid.

"This plan permits no company in an agency to be 'slop bowled,' and roots out all inducement to slight a company having a loss or losses large enough to wipe out a profit on which to base a contingent."

DOMINION SAFETY FUND LIFE.

The letter of Mr. Campbell relating to this association, referred to in our last, will be found on another page of to-day's issue. In different publications emanating from the office of the Superintendent of Insurance, viz., on 1st May, 5th July, and 12th July this year, the attention of the public was called to the fact that the license of the association had not been renewed, owing to the failure of the bank in which most of the Government deposit of the association was made. In one of these the Superintendent says, in a foot note, page lxxv., "The question of the renewal of the company's license, which expired on the 31st March, 1888, and has not been renewed, is at present (5th July) still pending." The reason for this is more fully given in Mr. Campbell's letter, thus: "The \$50,000 required by the Insurance Act as a condition to getting a license was duly deposited—\$45,000 of it in the Maritime Bank and \$5,000 in the People's Bank—to the credit of the Receiver-General. When the Maritime Bank failed in 1887, the Government sued the bank," (not the companies, as we stated) "claiming a priority of payment for the \$45,000 as a debt due the Government by the bank."

Seeing that, on the Secretary's showing, the association has been "honorable and successful," that its patrons enjoyed "equity and security rendered beyond question," and that "the men who direct and control its operations are of the highest character and business standing in their communities," it seems strange that some arrangement was not made to the satisfaction of the Government whereby the association could have been relieved from the disability of being for these six months past without a license. Could not the directors, who had done all that is described in the sixth and seventh paragraphs of Mr. Campbell's letter, have done something more to prevent the suspension of license being "taken advantage of to limit the association's success in new business"?