

redemption of notes during the winter, which call for redemption is as certain in operation as the tides..

Sometimes it begins in February, sometimes in March, sometimes as early as January. There was a very heavy redemption this year in the month of January, amounting to nearly three millions and a half. And there can be little doubt that redemption has been going on during the month of March, causing the Clearing House balances to be against the banks whose circulation was being redeemed. There has also been a much heavier demand for money than usual in many lines of business, and banks have had to draw upon their available reserves to supply these demands. So long as money is drawn from the supply of actual cash locked up in the banks' own safes, the public know nothing about it and do not feel it. But there is a point beyond which no bank can prudently go in letting its actual cash be depleted. And the next resource is, therefore, availed of, namely, a curtailment of loans. And in such curtailment it is inevitable that the loans which may have been expressly made subject to immediate call, and a low rate of interest accepted in consideration thereof, shall be the first to be touched. Borrowers who accept loans from banks on this understanding, do so with their eyes open, and have been doing so for a very long time back. If they put themselves in such a position that they cannot respond to calls, the position is evidently a false one on both sides. Apparently this has been the position in some cases recently.

As the real truth of this matter gets to be more and more known, it becomes more than doubtful if any considerable amount was withdrawn from Canadian stock channels, to be forwarded to New York for the same purpose, for such a movement is apt to defeat its object, which, of course, is increased profit. The high rates that are occasionally quoted in New York rarely last more than a few days, and if there is demand for that purpose, the cost of sending money there immediately rises. Now, let us suppose, that on a certain day money is 6 per cent. per annum higher in New York than it is in Toronto or Montreal. This 6 per cent. per annum of a difference, we will say, lasts for a week. But the amount of difference in a week amounts to only one-eighth of one per cent., all which would be absorbed by the cost of sending money thither. Then there would be the cost of bringing it back to pay. There is therefore seldom any object in disturbing existing loans in Canada for the sake of a few days extra interest in New York, and even this could only be availed of by those few of our banks who have offices of their own in that city. It is only when New York rate becomes steadily higher than the rates in Canada that there is any strong inducement to draw in money that is bearing interest here in order to send it there.

But then it may be said, we have heard of considerable shipments of gold to New York within the last few weeks; which indeed may be true without affecting the above statement at all. For a movement of money, or the representative of money,

is always going on between New York and Canada caused by the movement of trade between the two countries. Gold is sent in this direction or that just as it is between the United States and England, purely as a matter of settling trade balances. This, too, is to be considered, that New York market is also the great market in which sterling bills are dealt in. During winter, when there are no exports, or scarcely any from Canada, New York is the only market where sterling bills can be procured, and they can't be procured without being paid for either in gold or its equivalent. This, of itself, would be quite sufficient to account for any movement in that direction.

Gold is now being brought in from New York to Canada, and, while we are on the subject, we might suggest that the banks might do wisely to keep larger amounts of actual cash in their possession at all times.

FIRE INSURANCE EXPENSE.

It is instructive to look at the results of the fire insurance business done in New York State in the last two years. There were 39 New York companies, 64 companies of other States, and 25 foreign (British and Canadian) companies, in all 128 fire underwriting concerns, representing some \$70,000,000 of capital. These companies received in premiums last year \$119,391,000, and they paid out in losses and expenses of management \$122,195,000, so that if they had not had interest earnings they must have lost \$3,000,000 on the year. And the previous year was no better—the combined loss and expense ratio of 1891 was 100.46. Then during the present month comes the Boston fire, in which insurance companies lose probably \$3,000,000. It is hardly to be wondered at, therefore, that a proposal is made to increase rates. On a certain area in Boston where there is a large conflagration hazard, it is intended to advance premiums a dollar for each hundred dollars. That is to say, a rate of 40 cents is to be \$1.40; of 60 cents, \$1.60; of \$1.20 say \$2.20, and so on.

The National Board of Fire Underwriters, the New England Insurance Exchange, the South eastern Tariff Association, the New York Board of Fire Underwriters, and the Middle Department Underwriters have all appointed committees to co-operate in an effort to obtain proper financial results from fire insurance, and the executive appointed by them propose what is termed a Standard Universal Schedule for rating Mercantile Risks. The scheme is thus explained: It aims "to secure a rate on which the fire cost of the past five years per \$100 of insurance would result in a percentage of not exceeding 55 per cent. of the premium. This, above an allowance for proper expenses, would leave margin for a moderate profit and also for accumulation for inevitable sweeping fires or conflagrations." The compilers of this schedule, a copy of which we have seen, assume a standard building in a standard city and make the basis rate thereon 25 cents; then they proceed to make additional charges for defects, lack of water works, lack of engines, lack of cisterns, exposures and what not. The

scheme is worked out with exceeding pains and ingenuity, the aim evidently being to estimate the hazard more carefully than hitherto and to base the premium upon the nature of a risk's exposure. The principle is all right, but it appears to us that the application will be difficult, in some cases next to impossible. In large cities where the best experts can be readily had, and where the manager of a company can go to look at the risk and determine his acceptance of it and the rate, it can be worked. But is it workable in small towns or country places? From its title, "The Universal Schedule," its projectors, who are among the ablest of underwriters, appear to consider it capable of universal application.

The pamphlet abounds in good sense and experienced warnings. The desire is expressed to encourage safe construction, to trace preventible causes of fires, to secure combined judgment in rating, for "no one company, or no one underwriter, has sufficient knowledge to write all classes of risks or experience."

There was a period in the business when wall paper, for instance, was regarded as a non-hazardous stock; in fact, only within a few years has it been known that the claims for water and smoke damage are exceptionally large, and difficult to adjust, and to day the knowledge of this fact is limited to a few. A claim was recently fixed by appraisal at a figure over \$70,000 for water and smoke damage on a stock of wall-paper which the adjusters supposed was injured only to the extent of a few hundreds.

The same remark is true of hops in bales, and many other stocks which are, to-day, in various towns and cities regarded as choice risks, and rated as low as wholesale boots and shoes, and other non-hazardous package goods.

The large amount of rate cutting which proceeds from ignorance, and not from greed, would be prevented by a comparison of judgment and experience, and an interchange of knowledge.

THE TELEGRAPH IN CANADA.

XXX.

The surveys for the Canadian Pacific Railway were begun as long ago as 1871. Three years afterward, when \$1,500,000 had been spent on the work, through the burning of a building which contained the papers relating to the survey, a mass of valuable field notes, calculations and notes was destroyed, and most of the work had to be done over again. A telegraph line along the railway location was considered a necessity, and on February 9th, 1875, a contract was entered into for the work of clearing, placing the poles and hanging the wire between Red River and Thunder Bay on Lake Superior. It was intended to begin building at both ends simultaneously. Not till April 3rd of the same year was the first construction contract let, viz., from Fort William to Shebandowan and from Selkirk eastward to Cross Lake. By the end of 1876 there had been erected, along various parts of the railway line, east and west of Winnipeg, 787 miles of telegraph line. It had been the opinion of Mr. Sandford Fleming, the engineer—indeed he made the recommendation, as we find in his report of 1877, that "the telegraph should be the forerunner of the railway," for it would not only facilitate construction, but favorably affect the cost of the road. The Public Works Blue Book of 1877 shows that in that year the telegraph was working from Victoria, B.C., to Saanich on Vancouver Island, and thence by five submerged cables to