

such terms as "concurrent" "specific" or "average" policies conveyed no more meaning than Greek to one who had never learned the language.

Until all this is changed we cannot put much faith in the general inspection of risks in Canada, nor hope that our Fire Adjusters will take a front rank among their class.

NATIVE MANUFACTORIES AND FIRE INSURANCE.

In a young country like Canada it may be freely admitted that free-trade cannot exist to the same extent as in an old country such as England, for the simple reason that the only practical means of raising a revenue in the former, where the population is scattered and rapidly changing, is from the customs, but a revenue tariff and a protective tariff are two very different things. With a revenue tariff no sensible man can quarrel, as it is plain that the expenditure of a government must be met, otherwise the very existence of that government is imperilled. Should there be a deficit no one can justly blame a Finance Minister for endeavoring to make the same good in his next budget; but the advocates of protection go far beyond this, and claim that there should always be a surplus of revenue over expenditure, which surplus should be spent in public works or the encouragement of native manufactures, thus, so the argument goes, increasing the prosperity of the country. Now let us see what this surplus consists of: It will be readily allowed that the citizen of every state is bound to contribute an equitable proportion of his earnings towards the support of that state's government, by whose laws he is protected and enabled to make those earnings, but when such contribution is more than sufficient for its purposes it is certainly open to question whether a return should not be made in the shape of a reduction in taxation, as the aforesaid citizen may feel that, while he should support the government which protects him, he does not feel inclined to give his money towards the private enterprises of his neighbors desiring to embark in various manufactures, and it may strike him as rather straining the Christian mandate to love his neighbor *better than himself*—to say nothing of his wife and family. We shall be told that every patriot should look at the good to be reaped by the community at large, which is all very well in the abstract, but no country can be enriched by enhancing the prices of the necessities of life, and it is but a spurious prosperity which for a time appears to be produced by the bolstering up of a trade which has no real existence. An American paper not long ago remarked, with much wisdom, that by a protective policy Canada was fast losing the only advantage she had over the States, namely, cheapness of living, for once let the expenses of living be equal, and who can doubt which country can offer the best field for enterprise, the one with a population of nearly 60,000,000 or that having barely 5,000,000. Rabid protectionists are continually singing praises of Canada's prosperity, her growth in manufactures, and so forth, at the same time trying to show that the trade of England is declining and the pauperism of that country increasing to an alarming extent. As regards the charge against the Mother Country let us examine the actual facts, bearing in mind that trade like Fire Insurance, must not be judged by a single year, and what do we find during the past twenty to twenty-two years?

Respecting decline in trade, while in 1861 the total figures for the United Kingdom were £377,000,000; in 1883 the same had increased to nearly £720,000,000.—Turning to the returns of pauperism, in 1861 there were 890,000 paupers in Great Britain to a population of 29,000,000; in 1882, 799,000 to 35,000,000, and going back to the days before protection the difference is still more startling, as, with a population of less than half

the last named, the number of paupers was over 1,400,000! In 1861 the deposits in the Savings Banks of Great Britain were under £42,000,000, and in 1882 they had just doubled themselves! Are there any signs here of declining trade or increasing pauperism?

Our readers may perhaps be wondering how the above question bears upon Fire Insurance. We reply, that it may be accepted as an axiom that, when the whole community is prospering, Fire Insurance will share in such prosperity and the converse is just as correct. When certain manufactures are a part of the "*bonâ fide*" trade of a country there is a field which, with good management, can be turned to profitable account by offices transacting Fire Insurance, but where those manufactures have no healthy existence of their own, but are merely fostered by the hot-house of protection they offer not only an insufficient field in themselves but also interfere with and check other lines of business which but for them might thrive.

Let us take cotton mills as an example for illustrating our views: Canada a few years back became alive to the fact that she should build up her own cotton factories to supply her people, in place of importing the goods from other countries, and accordingly duties were piled on foreign cottons, bonuses were granted to those who would construct mills, and hallelujahs were sung in praise of the rapid progress the country was making in these manufactures. Mills were said to be rising in every direction as though by magic, and men talked glibly of the death-knell sounded to Lancashire and Yorkshire,—so far Canadian business went. Now if we blow away the mists of romance and rose-colored imagination what are the actual results? We have the astounding number of 40 to 50 cotton mills in the Dominion or about one to every 100,000 inhabitants, and yet we are painfully aware that we are actually suffering from overproduction, and this too in the face of greatly decreased imports. Surely with these figures it needs no wiseacre to foresee that it will be an exceedingly long period before the country will support a sufficient number of mills to create a fair average from an insurance standpoint.

Glancing at Great Britain we find over 2,600 cotton mills, or one to about every 15,000 inhabitants, but then it is never supposed that the population of the United Kingdom consumes the products of those mills, the greater number of which are employed entirely for the export trade, having their looms and machinery specially adapted thereto. It is the world-wide demand which has caused the supply to attain such gigantic proportions, but in Canada, by protection, the supply, small as it is, outstrips the demand, and, the surplus being utterly useless outside this country, must prove a deadweight and check to commerce until worked off. Out of nearly 2,700 mills an insurance company can select sufficient to make a good paying business, the income from the class being enough to stand the losses thereon, but a trifling number like 50 is not only too small to meet the law of average, but, by glutting the market, hurts other business.

What is true of cotton mills is equally so regarding other manufactures whose field by protection is limited to a small population. Restricting a trade is like stunting the growth of a child, the result in both cases being a deformity.

Reverting to the insurance side of the question we believe it will be found that only those mills and factories whose business is not confined to Canada alone will yield the fire offices scope enough to make an average out of such as saw mills, various woodworking risks, flour mills, etc., the trade of which is not bounded by the consumption of our small population; but cotton or woollen mills and other protected factories cannot offer a satisfactory basis for insurance at current rates.