

In the American Senate on Tuesday last, the Morrison surplus resolution was reported by the Finance Committee with amendments. As reported, it requires the secretary of the treasury to call bonds only when the surplus exceeds \$130,000,000. When it is below this amount he may call bonds at discretion until the surplus is reduced to \$110,000,000, which sum must be in the treasury before any call can be made. In this form the resolution is hardly a very dangerous affair, and it will give but slight comfort to the silver men and greenbackers.

#### SIMPLER FIRE POLICIES.

It would remove a cause of reproach often brought upon insurance companies if some simple plan were adopted of defining what is insured against fire in a country store and what is not. Cases are familiar to the trade, of which examples may easily be given: Say that a fire takes place in a shop whose owner has been careful to pay his insurance premiums. Some india-rubber shoes are damaged badly. He makes a claim on the underwriter for these and is told that the company is not liable. He refers triumphantly to the insurance policy which recites, among the goods covered, "boots, shoes, trunks and other leather goods," but is informed that these for which he claims are not shoes of leather but shoes of rubber, and the company had no idea of insuring rubber goods.

Again; take the case of a druggist, who in small country places frequently keep also in stock stationery, toys, glassware, paints and dye-stuffs. He is burned out and makes claim for a quantity of linseed oil. The company's inspector replies, to his dismay, that he has no insurance on paint oil, and refers him to his policy. This reads: "On drugs, medicines, dye-stuffs, paints, burning oils, perfumery;" nothing there about paint-oils, and so he can get no indemnity. READ YOUR POLICY, say the insurers to their customers. Good advice in its way. But many an easy-going shopkeeper who did so would easily deceive himself by a slipshod wording and believe certain things were included which were not. It is a natural thing to say that no respectably conducted company should take advantage of a technicality to evade payment of a claim made in good faith by a man who believed his insurance policy covered certain goods. And we know of cases, not a few, where companies have given insureds the benefit of doubt in just such circumstances and paid their claims though not legally bound. But leniency and good-nature are not attributes of sound insurance any more than of good banking. A contract between two parties should not press more hardly upon one than upon the other, even if that one be a company.

Granted that underwriters need to use their wits in self-protection against the constant efforts of sharpers and hypocrites to "beat the companies" when a fire occurs, there is still much to be said in favor of simplifying the wording of insurance policies, so that a man who aims to do right may discover what he has insured and what he has not, without calling in the aid of the lawyer, the school teacher and a

technical dictionary to assist him in his search—only to be told by the adjuster that they are each and all wrong in their definitions and conclusions.

Insurance agents and inspectors might be worse occupied than in setting themselves to frame a form of policy which should show distinctly, and without manifold paragraphs of exceptions and provisos, what classes of wares were included in its indemnity. Something of the sort would show, at all events, that underwriters desired to facilitate the efforts of honest men to get indemnity by simple means. An impression prevails here and there that the fire insurance business is too much hedged about with legality and technicality and such an impression undoubtedly stands in the way of the business. The tendency in life insurance is, nowadays, in the direction of simplicity and liberality. Is there not ground for the complaint made of late that fire insurance managers too much consider and legislate for the dishonest insurer, while they do not give a fair show to the trader who means to do "the square thing?"

Is it not possible, we ask, to frame a brief and simple policy which shall cover, to an amount mentioned, the stock of an ordinary Canadian general store-keeper in a country place, consisting of say dry goods, groceries, hardware, crockery, and such other wares as are ordinarily kept by such a dealer—the exceptions or forbidden articles plainly stated? Then, if this be found possible, could not another form of policy be framed to suit a grocer; still others for flour and feed shops, book-seller's shop, druggist's establishment, boot and shoe shop, on similar lines? We put the question and invite reply.

#### INCOME AND PERSONAL PROPERTY TAX.

Theoretically, the income tax is the most equitable which it is possible to devise, a man's income being the measure of his ability to pay taxes. But it is the net, not the gross, income to which this theory applies. The assessment law embodied this idea when it deducted the debts of traders from the total amount of their personal property. From one point of view an inequality results from this exemption; of two men doing equal amounts of business, the one who owns the larger share of the capital by which the business is carried on, pays the most taxes, the other, who borrows a larger portion of his capital, pays less taxes. But on the principle of an income tax this is not objectionable; after all each pays according to his income. It is only when we look at the tax as a business license that the inequality appears; one man pays more than another in proportion to the business done. But the amount of business done is, except in the same lines, no exact indication of the profits made, and it is out of profits or revenue only that taxes can be paid, unless they are to have the effect of diminishing capital, which it is always desirable but not always possible to avoid.

That inequalities in the income tax are to be found in Toronto as well as elsewhere,

need not be doubted; but, it must not be forgotten that this is a matter in which it is very unsafe to trust appearances. All the apparent inequalities which have recently been spread before the public are very far from being real; but that there remains a very large amount of inequality is beyond doubt. When one man pays more taxes than others, in proportion to their respective profits, injustice is done; the amount of business must be some indication of profits, but it is not an exact and unerring guide. On the principle of an income tax, if one man does ten times as much business as another, but makes no more profit, that is no reason why he should pay more taxes. The income, if it were possible to get at it, is the true measure of the ability to pay; but even then the question remains of what each gets for his money. In practice the form of tax, which is theoretically most perfect, is liable to become the most unequal. The main difficulty lies in finding out what each man's income is; and even when sworn statements are obtained the difficulty is not removed. The late Mr. Vanderbilt made no difficulty about swearing that he had no personal property, though it was notorious that he had some fifty millions in the public funds. In the inequalities, real and apparent, of the income and personal property tax in Toronto, there is nothing exceptional; it is only an addition to the common stock of experience. If this tax be abandoned the true reason will be that it is impossible to levy equitably.

Nothing would be gained by abandoning the income and personal property tax unless a more equitable levy could be substituted. It would not be wise, if it were possible, to throw all the municipal burthens on one form of property; it would not, in the end, be in the interest of the exempted classes, because reaction, when it came, would be liable to go too far. When one object of taxation is selected to bear the whole burthen it is either real estate or corporate property; sometimes it is the one and sometimes it is the other. People who form exclusive theories of taxation seldom have an equitable object in view; they see that along side 'e exclusive taxation there is room for large exemptions; it is of the latter they are thinking, as they hope to profit by them. Alderman Turner is reported to favor a business tax in place of the income or personal property tax, and a poll tax on lawyers and their clerks. The business tax, it is said, he would regulate by the rental of premises. This rough way of aiming at equality, without being perfect, would at least prevent evasions. As a business license, it would probably be as near to equality as it would be possible in practice to get, as business license is something very different from an income tax; each man in a position, as far as premises are concerned, to do a given amount of business would pay something like an equal tax. But exceptions would come in; and to these we might reconcile ourselves by the consideration that perfect equality is unattainable. The question is, would this be the best possible substitute for an income or personal property tax? That it would be an improvement on this tax may