Indies, and we have no doubt that it would be equally easy to establish it with regard to any other dependency or the United Kingdom itself. Indeed, the very article which is the principal West Indian staple affords an excellent illustration of the difficulty that would arise with the United Kingdom. Sugar is admitted free into the United Kingdom, while with us it constitutes an important source of revenue. The principal West India sugar colonies would not be satisfied without a uniform duty on sugar by weight, irrespective of quality, whereas our sugar refiners demand protection in the form of lower duties on the inferior grades. Mr. Patterson seems to aim at "unfettered free trade" between the United Kingdom and its dependencies, but he does not point out how the latter are to obtain a revenue. In truth, Mr. Patterson, notwithstanding his great practical experience, is a good deal of a visionary, as we think will be admitted by all business men who give a careful consideration to his utterances at Sheffield. We are no believers in the practicability of Mr. Goldwin Smith's scheme of a reciprocity of tariffs with the United States, but we have no hesitation in affirming that it is much more practicable and more consistent with common sense than the Zollverein advocated by Mr. Patterson. We give below what Mr. Patterson says of it:

It was recently stated in an influential journal, published in one of the Western States, that the Hon. Mr. Evarts, Secretary of State at Washington, had done wisely in taking preliminary steps for free trade with Canada, the proposition appearing to be that the Dominion should adopt the United States tariff, and that a complete customs' union should be effected. The coercion policy threatened towards Canada in 1865 had been unsuccessfully tried, and, if diplomacy was now resorted to, he hoped the result would be the same. Such a policy would be suicidal, and he devoutly prayed that God might avert so dire a calamity from the United States. A customs' union between such a country and Canada was pre-eminently undesirable.

The first observation we would make is that there never was any proposition at all, and consequently it is a mistake to assume that Canada would have been asked to adopt the United States tariff. It is well known that there is a strong public opinion in the United States favorable to a revision of the Customs duties, and there might be no insuperable difficulty in arranging a tariff that would be acceptable to both countries and at the same time much less disadvantageous to the United Kingdom than that now in force. We are by no means blind to the difficulties in the way, which we admit are almost, if not altogether, insuperable, but there is no object to be gained by exaggerating them, especially as there are in our community persons who share the opinions of Mr. Goldwin Smith. We are not called on for any action. The duty of our Government is to propose such a commercial policy as seems most for our own interest, without reference to any such scheme; but if the United States should have any measure of reciprocity to suggest it would doubtless receive proper consideration. We own ourselves unable to comprehend the strong language used by Mr. Patterson, who assures us that the suggested measures would be "suicidal" and that "he devoutly prayed that God might avert so dire a calamity from the United States!" It would appear that the calamity would befal the people of the United States if they had free trade with Canada, but no light whatever is vouchsafed to us as to the nature of the calamity. The main object of the people of both countries in imposing duties is to obtain a revenue, although the encouragement of native industry is, with many, an element in the construction of the tariff. Our geographical position renders it very desirable that we should have reciprocal arrangements with the United States, and for a time we succeeded in having them on terms that we believed to have been mutually advantageous. Our neighbours objected to our system, but have never made any counter-proposition, and until they do our policy should be to lie on our oars, and adopt a policy of our own. We see no ground whatever for believing in the probability of any scheme such as that hinted at, rather than developed by Mr. Paterson, being even considered either by the United Kingdom or by any of the dependencies of the Empire, and it would obviously be more unsuitable for Canada than for any of the other countries interested.

THE RESPECTIVE RATIO OF LIABILITY.

We were reminded of this subject by reading, in a recent number of the New York *Spectator*, an article entitled, "Survival of the Fittest," and, although we believe the writer was innocent of any such intention, the tenor of his remarks clearly pointed out the blot in fire underwriting already mentioned in these columns, namely, the exclusion of the average clause upon specific policies. We do not quite agree with all that is written in the above quoted article, but, to a great extent, we go along with the writer; and the principle which obliges the insured to have the said average clause inserted in a policy covering goods in several warehouses should, we maintain, be applied when those goods are in one warehouse only, otherwise, so long as partial losses are possible, the insured can for all ordinary hazards protect $20,000 of property by a $10,000 policy, for, in any loss not exceeding the latter amount, he is fully covered, the office issuing the policy being liable, under the present rules, for any loss up to the extent of its policy, though we have already shown in a former number that, in the above instance, such policy being only liable for half the *total* loss, should bear the same liability on a *partial* loss. As a consequence of the existing rule, the ratio of liability is very much greater in proportion in a small policy than in a large one, and hence, as the *Spectator's* contributor deduces, those companies reap the best harvest who can afford to write large lines. Mr. Hore has so logically demonstrated that the proportion of liability which one specific policy bears to another is not regulated by the amounts of each, that we cannot do better than use some of his figures.

Suppose two warehouses, each containing $10,000 of goods, upon which offices A and B have issued policies for $10,000 and $1,000, respectively, the former covering one and the latter the other warehouse. The following apportionment will show that, while office A has ten times the amount at risk, its ratio of liability is by no means ten times that of office B except in the case of total loss, thus:

Loss in each Warehouse.	Office A pays.	Office B pays.	Proportion of Liability.
$ 100	$ 100	$ 100	1 to 1
500	500	500	1 to 1
1,000	1,000	1,000	1 to 1
5,000	5,000	1,000	1 to 5
10,000	10,000	1,000	1 to 10

With the average clause, however, the result would be as follows:

Loss in each Warehouse.	Office A $10,000 pays.	Office B covers $10,000 liab. 1-10 pays.	$1,000 covers $10,000 liab.	Proportion of Liability.
$ 100	$ 100	$ 10	)	
500	500	50	)	
1,000	1,000	100	)	1 to 10
5,000	5,000	500	)	
10,000	10,000	1,000	)	

And we would ask, in the name of common sense, which of these two apportionments is the most equitable and reasonable? If the example were given for solution to a school boy of ordinary intelligence, which would he choose? Yet our underwriters are daily guilty of the flagrant injustice which makes an office writing only small lines bear a greater ratio of liability than one carrying large lines. It may be said that the example just given is quite exceptional, but that in no way invalidates our argument, for the same principle would apply had office B's policy been for $5,000, as then, in any loss up to that amount, the liabilities of the two offices would be equal, and only would