

that he did not want an insolvency law if it tended "to make settlements by fraudulent debtors easy to obtain," and thereby helped "to debauch the business morals of the community." Another banker said, "It is not an unmixed evil that no (Dominion) Insolvency Bill has been passed."

Why not try a bankruptcy law framed after the fashion of that which has stood two years of trial in the United States. It may prove to be reasonably near what we want, after the removal of any flaws and imperfections therein by a joint committee selected from the bankers and merchants of the Dominion.

Insufficient Insurance. It is often argued, and justly so, that a man is culpably improvident towards his family if he neglects to insure his life, and it surely is equally true that one who does not carry a fair amount of fire insurance is more than careless towards those with whom he has business dealings. If by reason of insufficient insurance a fire may ruin or embarrass him considerably, he is certainly risking other people's money as well as his own, and placing himself very much in the position of a man who makes a bet he cannot afford to lose. Were fire insurance both more general and more in proportion to the value covered, both the public and the companies would be materially benefited thereby, and all business be put upon a sounder basis; but as it is, the numerous total losses—so far as the policies are concerned—not only cause the companies to stand the chance of a high loss ratio upon really good risks, making the rate heavier in consequence, but also trade and commerce suffer from the want of that security which insurance, properly conducted would give.

There is an enormous amount wasted to the country, distinctly chargeable to the negligence arising from this insufficient insurance, and ruin is wrought to many which, by ordinary business forethought and caution, might be averted.

Taxing Banking and Insurance. Taxes are rightly regarded by the individual as forming part of the annual cost of living, and in any account kept of household expenditure, the account for taxes due to the city or town in which one resides is not distinguished in any way from the bills of the butcher and the grocer. The ordinary citizen pays the impost and tries to look pleasant, and hitherto our banks and insurance companies have followed the same course. Still there is a period when the burden of taxation becomes insufferable, when the rebellious stage is reached. Then it is that the groaning corporation moves away, or seeks sympathy by making known its grievances. Whether our banks will obtain any better treatment from provincial and municipal rulers as a result of recording in their annual statements the amount of the levy made upon them for the support of the government we cannot say.

Yet, the very publication of the figures representing this special tax on banks and insurance companies serves to direct attention to the want of some more equitable system of raising a revenue.

No special tax should be imposed upon a person or corporation, unless some special privilege is conferred. Moreover, the special taxation of banks and insurance companies simply means the imposition of heavier burdens upon the shareholders, clients and policyholders. A few years ago, the Province of New Brunswick imposed a special tax upon the banks by which each branch of same was compelled to contribute to the revenue of the Province. The banks concerned, immediately transferred the burden to the shoulders of their customers, and openly charged ten cents extra for every note discounted after the imposition of the obnoxious special tax.

Loans to Bank Directors. In March last, we directed attention to a bill introduced by the Comptroller of the Currency in the United States, restricting national banks from making loans to their directors and officials. The measure received support on the ground that many bank failures have been caused by ill-advised loans to those connected with the management of banks.

The bill provides that no national banking association shall make any loan to its president, its vice-president, its cashier, or any of its directors, clerks, tellers, bookkeepers, agents, servants, or other persons in its employ until the proposition to make such a loan shall have been submitted in writing to the Board of Directors or to the Executive Committee of such board and approved by a majority. At such meeting the person making such application shall not be present. The bill also prohibits the overdrawing of accounts of bank officers.

Now that the proposed law has been more freely discussed, it is meeting with much opposition, and in the June number of the "American Bankers' Magazine" the subject is very fully and fairly thrashed out with the result of convincing us that whatever good might result from the enactment of a law restricting loans to directors would be offset by the harm it would inflict. The arguments against the bill are thus set forth:

"As long as banking business is done there will be occasional failures for one reason or another, and some of them will be the result of bad loans. Every one acquainted with the subject knows the directors of a bank as a rule are the men who in all their financial relations are the most interested in the welfare and prosperity of the institution. When a new bank is started, the prominent business men of the locality selected, are the ones who usually conduct the organization; they subscribe largely to the stock and use their reputation and character in the community to induce others to join the enterprise. No doubt, they have strong motives of personal interest in starting the bank, and one of these is to accumulate and combine the surplus capital of the location so