

compete with Montreal dealers, because the rate in Toronto is much higher." It does not seem that this state of affairs has experienced any change since the motion of February, 1874, notwithstanding the alleged entry of goods at Toronto of the over exportations of American firms at reduced invoice values already treated of in our columns.

#### GOVERNMENT LOAN.

We noticed in a late number the suggestions made by some of our contemporaries that efforts should be made by the Government to induce our own people to subscribe for the loans which it may from time to time require, and which it was supposed would be successful. We called attention to the fact that for several years an opportunity has been afforded to all disposed to lend money to the Government to obtain Dominion 5 per cent stock, and we adduced a late return which we found in the *Official Gazette* as evidence that the aggregate invested in such stock was only \$199,900. We have since ascertained that the return on which we based our statement had reference to the post office deposits alone, and did not comprise the amount transferred to the 5 per cent stock, which is managed by another department of the Government. The result of further enquiries is that since the establishment of the transfer system, there has been transferred from the Post Office Savings Bank into Dominion stock, \$2,045,200, upwards of one million of which has been redeemed, being about \$1,000,000 at the credit of the investors. It is to be observed that, although we have used the term "Dominion Stock," which is the name by which it is designated, it is not what is generally understood as stock, as the government redeem it on a notice of three months. We have thought it desirable to correct the error into which we had fallen from assuming that the Post Office Savings Bank return embraced all the money borrowed by the Government at 5 per cent., but the subsequent information only proves that the Government has offered already the more liberal terms to Canadian investors, and that they have availed themselves of the facilities offered to them to the extent of over a million of dollars.

— At a large and influential meeting of the Pictou, N.S., Board of Trade, held the 27th ult., Messrs. R. G. Haliburton, of Ottawa, and J. R. Noonan, of Pictou, were elected delegates to the Dominion Board. The Pictou Board cordially approved of Dr. Fortin's plan for telegraphic communication with the Gulf and ports of the Lower St. Lawrence.

#### ON FIRE RE-INSURANCE.

There are two points of view from which to look at the practice of fire re-insurance, firstly, as to the soundness of the principle itself, and secondly, as to whether it is a desirable business. Regarding the principle we candidly confess our disapproval of it, for, although there may be exceptional instances (in large cities especially) where a company, from certain arrangements, cannot help becoming occasionally overeroded in its lines, and consequently as a matter of prudence seeks to relieve itself by re-insurance, it is these very exceptions which prove the rule we wish to uphold, viz.: that re-insurance is only strictly legitimate from prudential motives, and should not be indulged in as a means for securing or increasing business. It is evident that by re-insurance a company assumes an extra liability, inasmuch as it guarantees a greater amount than it deems wise to carry, and virtually insures the sum or sums it places in the re-insuring offices. Our theory is that an insurance company should only write what it means to retain, in which we are sustained by many of the best underwriters, and the same has been for the most part carried out on this side of the Atlantic so far, though we regret to observe that the desire to obtain the control of the business of large firms by some companies or their agents has begun of late to increase the necessity for re-insurance beyond the legitimate limits we have named above. In Great Britain, on the other hand, re-insurance for a long period has entered into the ordinary business of fire companies, even those offices that disapprove of the principle having been forced to comply with it, and this difference between the methods of the old and new worlds in this respect arises in a great measure from the opposite characters of the inhabitants of each, and the circumstances surrounding them. In England there is almost a rooted antipathy to change, and, further, insurers have such perfect confidence in the stability of their companies, some of which were inaugurated when fire insurance was in its infancy, that they see no just cause for dividing their risks, however large, unless, perhaps, as a matter of friendship, they give a share to more than one company; still they prefer to have the number of their policies as small as possible, in order to save trouble in accounts, and it is not at all uncommon for a merchant in London or Liverpool to hold a policy for £30,000 or £40,000 (\$150,000 or \$200,000), and even more, issued by a single office, leaving the latter to dispose of what it does not desire to hold. We deprecate

this system, but it has grown up with the business and would now be extremely difficult to alter; and, while entering our protest against what we believe to be an evil, we are willing to admit that to a certain extent good has come out of it, as it has helped to preserve the tariff by destroying much of direct competition among the offices. On this continent affairs wear another aspect, for here the people have not, as a mass, that objection to change commonly met with in the old country; and again, insurers have been so accustomed to see the disastrous termination of so many fire offices that they only put a moderate amount into any one company, and hence the offices are not asked to accept the heavy lines so prevalent in England, and, consequently, do not require to re-insure to anything like the same extent.

We maintain that it is more in accordance with equity and sound business principles for a company only to take up the line on every risk which it considers safe to carry; and, proceeding to the second part of our subject, there can be no two opinions in our judgment, that if re-insurance is to be practised at all the only way in which it can be desirable, or, in other words, be made to pay, is for it to be reciprocal. It is but natural to suppose that if office "A" wishes to secure good business from office "B" it must tender an equal proportion in return, otherwise "B" will take its surplus lines elsewhere where it will receive "quid pro quo," unless indeed it unloads itself at "A's" expense of those risks which it does not care particularly about, and merely accepts as an inducement to obtain other first class business, not under the circumstances feeling bound to allow "A" to participate in this latter. That this should be so must be manifest to all who know anything of mercantile matters, and it is for this reason that offices doing simply a re-insurance business in England have not found the same satisfactory in its results. The "Home" of New York, one of the strongest American companies, has recently decided, after ten years trial, to withdraw from the field, not having been able to obtain a sufficient amount of direct business to reciprocate in re-insurance, and, therefore, not finding the latter a success. Supposing it were arranged by an insurance office (well managed and doing a profitable business) to give a re-insuring company a certain proportion of each and every risk taken by the former, then the two would prosper side by side, but this is not the case; the direct office can and does carry all it can take on the very best property with per-