

was the duty on the sugar of the highest grade not refined, and the other rates were 10s. 6d., 9s. 7d. and 8s. 5d.—difference, 2s. 10d. per cwt. or little over  $\frac{1}{2}$  cent a lb. Mr. Dustan omits to allow for the 25 per cent. ad valorem which in itself is a considerable protection. We cannot believe that Mr. Dustan is correct in his assertion that "the greater part" of the sugar used by the refiners paid the high duty. If so how does he account for the falling-off in the importation of the low grades since the closing of the refinery? With regard to the United States drawbacks, the new tariff certainly has been framed with a view to prevent the frauds which have been practised, but, at present, the Scotch sugars seem to have the preference in our markets. It is wholly impossible to discuss the question without having some proposition from those who are dissatisfied with the present tariff, showing what they really want.

#### INSOLVENT INSURANCE LEGISLATION.

The special legislation required by the Canada Agricultural Insurance Company of the Dominion Parliament has led to the introduction of a bill specially providing for the winding up of insolvent insurance companies. This bill provides for applying the terms of the Insolvent Act as regards banks and other incorporated companies to insurance companies, with two important differences: the first is that the assignee may collocate the claims of those having unexpired insurances from the books of the company, these claims to be open to objection on the part of others. This would relieve a large number of creditors with small claims from the task of filing and proving them. As the law has been, this class of claimants practically receive nothing, the legal expenses in connection with their claims absorbing all. The second point in which it differs is that the risks may be reinsured in some solvent company. It is thought that this will often be more to the advantage of insurers as companies will probably be willing to give liberal terms in order to secure the addition to their business.

One of the most interesting facts brought out in the debate on the third reading of the bill in Ottawa last Monday was the proportion of losses attributed to arson. Mr. Blake put it at one-third of the whole, which may be considered a very low estimate, and based on this opinion a provision for a stay of proceedings. Whenever a company gets into difficulty the losses decrease and those from arson cease

altogether. By staying proceedings for a short time risks would run off with a smaller proportion of loss. There would thus be fewer claims, and the total would probably be less in amount. Mr. Rochester who is largely interested in the Ottawa Agricultural Insurance Co., which must not be confounded with the defunct concern, suggested that magistrates should be empowered to make an immediate investigation if requested to do so by the insurance companies, thinking that the fear of this investigation would do very much to prevent arson.

The present bill, however, is not the proper one in which to make such an amendment to the general Insurance Act, as it is legislation in regard to insolvency. Not the least object in winding up an insurance company is to secure the distribution of the deposit which it has had to make with the Dominion Government for the security of insurers. The difficulties sought to be met by Mr. Rochester's suggestion have long troubled insurance men. In an article on the subject in the *JOURNAL OF COMMERCE* for March 16th, 1877, we wrote as follows: "The appointment of one general inspector conjointly by all the companies would, we imagine, have some beneficial effect both in ferreting out cases of fraud and in deterring evil disposed persons from such crimes. The salary of such a person should be ample, but it would be a very light tax upon the companies considering the benefits which might accrue, if the idea could be practically carried out. In such times as these when the moral hazard is excessive, some means looking to such a consummation should be devised, and we are of opinion that the remedy lies with the companies themselves." It is to be hoped that Mr. Rochester will take an early opportunity for again bringing forward his practical suggestion.

#### COMMERCIAL HISTORY AND REVIEW OF 1877.

We continue our extracts from the *Economist Review*, omitting some quotations from Dun, Barlow & Co., circulars which have been already published.

We have been thus careful in stating the general principles which lay at the bottom of the very formidable commercial phenomenon of the last four years, in order that we may properly understand the evidence afforded by our own country and other countries, not only as regards the severity of the depression, but also as regards any indications that recovery has become apparent, and for the only reason which can render it real and permanent, viz., bringing down the Cost of Production to a point which will induce prudent manufacturers and mer-

chants to extend their operations in the reasonable expectation that the means of consumers—in other words, the markets for commodities—will enable them to obtain satisfactory prices from solvent buyers.

The most notable and instructive case of all is the United States, and we will take it first. In the review for 1876 were given extensive details relating to the extravagant speculations in Germany in 1872-74, all illustrating the principles we have just laid down.

We can now show that precisely the same kind of evidence abounds in the United States. For example: From the annual circular (January, 1878) of Dun, Barlow & Co., the well-known mercantile agents of New York (with branches all over North America), we obtain the following abstract of the failures in the United States and Canada in 1877, and former years:—

The very large increase in 1877 of the number of concerns in business in the Middle and Western States, and to some extent in the other States, is remarkable. It may be that losses and reduced means have drawn into trade great numbers of persons formerly independent.

The *Times* of 7th February, 1878, has the following on the failures of January, 1878:—

The following observations are from Messrs. McCulloch and Co.'s Financial Circular, dated New York, 24th January, 1878. The singular depth of mercantile rottenness which the long period of depressed trade is at last bringing to light in the States should not be without its lessons for us. We can hardly hope to escape a similar conclusion to the long depression here:—

"Affairs at this centre continue in a very unsettled condition. In addition to various sources of distrust heretofore alluded to in these advices, failures have assumed, since the opening of 1878, an alarming frequency, and with attendant circumstances which show a very unsound condition of credits. In Philadelphia nine failures have occurred in the leather trade, which showed that all the firms had been long kept afloat by a system of accommodation paper that had never been suspected to exist. Earlier in the month a series of large failures in the drug trade occurred in this city, in connection with the suspension of a note broker, which also revealed a very loose system of marketing paper, and revealed the fact that, behind a great mass of double name notes, there might be very little available assets. These facts, along with numerous other miscellaneous failures, showing very poor assets, have revealed a hollowness in the credit system which has produced an uneasy feeling among the banks, and caused a very marked discrimination in discounting operations, which caution has no doubt in turn tended to precipitate suspensions, and may cause yet further failures. It is proper, however, to take into account that the large amount of indebtedness maturing at the opening of the year usually causes a special crop of failures at this season; this consideration, however, does not prevent these occurrences from producing an impression that there still remains much unsoundness in the condition of business that must be expunged before we attain a really sound state of affairs. The