they are to oppose, so that they may be employed to oppose them; and, if the provincial parliaments are to be allowed to restrict and define the contracts of insurance companies incorporated and licensed by the Dominion Legislature, we shall shortly see the same state of affairs in Canada.

Apart, however, from the cost of legislation and consequent legal advice is the cost of printing new issues of policies, and the issue of new policies instead of renewals. This alone would be a serious addition to the cost of conducting a business where the average amount of premiums is necessarily a very small sum of money, and where an apparently slight additional cost affects the *pro rata* of expenses—as the average cost of printing, writing, recording and mailing a *policy* is five times the cost of a *renewal*. Then it is doubtful if a new policy can legally be based upon an application which was made for a former policy, so that, although a policy may be renewed for any number of years, and the old application remain valid, yet if a new policy is to be issued, it is most probable that a new application would be found necessary, making further addition to the cost of each transaction and of the *pro rata* expense of a business which needs to be very fortunate if it is very profitable in Canada.

If this cost and confusion were to be indefinitely increased by giving to the provincial parliaments power proportionate to the pretensions of that of Ontario, then we might expect a great increase in the cost of fire insurance or an exodus of companies now looked upon as most desirable to deal with—and at any rate desirable to keep amongst us,—we should never drive away or oppress any legitimate financial institution by oppressive or hostile legislation.

Perhaps, however, the most delusive privilege offered to the companies by the Ontario Statute is that of making variations to the conditions promulgated, as these "variations" are to be allowed or disallowed as the courts may decide them to be just and reasonable, or otherwise. Now it is a matter of public notoriety that at least one judge in Ontario is neither just nor reasonable in matters pertaining to fire insurance; it is well-known that in any case brought before him, the counsel for the plaintiff is distanced in his arguments by those of the judge, whilst the counsel for the companies has his "hair raised" clean off his head by "charges" to which he cannot reply, and the officers of the companies are insulted by statements which neither laymen nor lawyers would dare to make.

Apart from this disgraceful state of affairs, however, is the hazard of being brought from court to court to decide whether a "variation" is really "just and reasonable"—as every different judge may differ in his opinion on this point, and consequently every different variation would have to be established by final judgments to make it authoritative; and if we take say twenty different companies, with an average of ten different variations, we shall find that if the intent of the Ontario Statute was to make uniform conditions of insurance it necessarily fails in its object by allowing any variations whatever; if its intent was so to settle insurance conditions as to decrease litigation, it has woefully failed by reason of the same error, as before the consequent variations are finally settled there will be at least two hundred cases before the Supreme Court or the Privy Council for the purpose. If it was intended to cause greater care to preserve property from fire, it is wholly opposed to its intent, as we showed in the articles on the subject in 1876. If it was purposed to discourage fraud, the records of the Courts of Ontario during the past three years are a complete refutation of any plea which can be set up in its behalf in this respect.

THE CIRCULATION LIEN.

A correspondent takes exception to our article of the 25th, pointing out the danger likely to be incurred by making the circulation of a bank a preferential lien upon its assets, and holds that our views are favorable to depositors. He further states that the currency should be such that no doubt could exist in the mind of any one as to its value. Our correspondent fails to perceive that the depositor may at any moment become a note holder, and that the practical effect of the Government measure is to give a preference to one depositor over another. The only remedy that we can discover for our correspondent's grievance is to confine the circulation to Dominion notes. The plan of giving the noteholder a preference over the depositor will not be found to work well in practice. It will create great alarm among depositors generally, and may from that cause have most disastrous results. The crucial test, however, will be when any rumor against a bank is circulated. Under the old law the depositors were much on the alert, but under the new system it must be obvious that the moment any rumour against a bank obtains circulation there will be a regular stampede. Under such circumstances a bank ought at once to close its doors, but this action would entail very disastrous consequences as well to the shareholders as to the depositors. We know of no precedent for giving this preferential lien, the objections having always been found greater than any advantage to be derived from it. Time will tell whether our prognostications will prove correct.

OPPOSITION LEADERSHIP.

The change that has recently been brought about in the leadership of the opposition in the House of Commons has been accomplished in a manner that reflects the highest credit on all parties concerned, including the First Minister and his colleagues. Since the period of Mr. Blake's election for West Durham, it has been manifest that a considerable number of the members of the Reform party were anxious that he should be formally acknowledged as the leader. Of this feeling it is impossible that Mr. Mackenzie could be ignorant, but he followed the most dignified course of biding his time, prepared to act when circumstances should call upon him to do so. It has been asserted that a few days ago a meeting of the party was called by circular to settle the leadership. Had Mr. Mackenzie thought proper to leave the question open to discussion, there can be little doubt that many of his warm friends would have adhered to him, even at the risk of a split in the party. Mr. Mackenzie would not put his friends to such a test, and took the dignified course of announcing in the House that in future he would not assume to speak on behalf of the party, but for himself alone. A day or two afterwards Mr. Blake was elected leader of the party by acclamation. Practically the leadership is not a matter of much moment, unless it bodes a change in the tactics of the party. It seems probable that there has not been of late entire concurrence of opinion on the part of the leaders, and especially on the subject of the Pacific Railway. Mr. Blake's resolution bears on the face of it that it was a compromise between those who were anxious to abandon at all hazards the construction of the railroad in British Columbia, and those who were so committed to the prosecution of the work, that they could not with any consistency vote for total abandonment. For all practical purposes at the present juncture postponement is equivalent to abandonment, and Mr. Mackenzie doubtless felt constrained to go that length with his more irrepressible colleague. The strong probability is that the rank and file of the party sympathize much more with the views of Mr. Blake than with those of Mr.