

fact stated in these columns last week that the shrinkage on the securities of less than a score of railway lines was nearly sixty millions of dollars. Leaving this point for future consideration and further developments we shall only make reference to other features of the present situation.

American life insurance is the growth of the past twenty years; the oldest companies have barely attained the age of thirty years, while the great majority date from 1864 to 1869 inclusive. The five years embraced between these two dates witnessed a marvellous development of the system entirely surpassing the experience of all other nations in this respect. In 1869, symptoms of weakness were developed; an occasional failure startled the ill-placed confidence that had been so serenely reposed in the soundness of the companies, under what was then assumed to be the almost infallible supervision of the insurance departments; amalgamations followed each other in succession till these two diseases, which are after all but different forms of the same malady, carried off more than one-sixth of the whole number of companies which were enrolled on the books of the New York Insurance Department in 1870. Nearly every month adds another to the already long list of the departed. These offices are almost wholly of the after-growth, that is the crop of 1869. Many of them were started as mere individual speculations. A place must be had for somebody's son, cousin or nephew, some bankrupt merchant or stock broker had to be taken in out of the cold, and chiefly for his special benefit a life insurance company was founded, he getting "his friends" to take up the stock. The bitter experience of the past three years has rendered any further repetition of this almost criminal folly no longer possible.

Another damaging circumstance which must be ascribed either to an inherent weakness of the system or a wretchedly bad administration of it, is the disgraceful developments in connection with the management of the largest company, the Mutual Life of New York. It would hardly be too much to say that the President has been proven to have misappropriated some of the company's funds; but without taking this ground the charges that have been levelled at the President's head by so effective a marksman as Mr. Sheppard Homans, late actuary of the Mutual, have been so well aimed and have done so much execution that not only is confidence shaken in this company's management, but the whole superstructure has been in some measure weakened. Preceding this,

too, was a battle with much more smoke but less carnage between Mr. Stephen English and Mr. Winston; and succeeding it was a serious encounter with the great rival of the Mutual, the Equitable Life of New York. The din of these conflicts had not died out when a war broke out in the west. The St. Louis Mutual Life, while rent by internal factions, was exposed to attacks from several quarters outside. The very existence of the company has, as many of our readers know, been jeopardized. It will be seen from the statement in our New York letter that application was made by no less important a personage than the State Insurance Commissioner, for an injunction to restrain the company from doing business, on the ground that it was utterly insolvent. The application we learn has been refused, so that probably the company will get one more chance for its life. It is asserted that the Commissioner is a dismissed officer of the Company, and that his action is due to personal hostility. This has always been regarded as one of the very best of the Western Offices; its transactions were very large, and its business rapidly progressive; its destruction would therefore be a terrible blow to life insurance interests in the United States. Policy-holders of the St. Louis in Canada are amply secured by the deposit of \$50,000 at Ottawa, no matter what may happen. We should be pleased to see the company not only survive but enter upon a new career of prosperity.

The facts cited, if disagreeable in themselves, at least afford the satisfaction that, in the words of Superintendent Chapman of New York, "the storm through which 'the business has been and is yet passing, 'is purifying the whole atmosphere of life 'insurance.' That there has been 'undue inflation,' that there are 'too many 'companies' that 'the supply of insurance is greater than the demand,' we hold, with the official just named, to be undoubted facts. How many rude shocks to confidence, what wrecks of high-reared structures; how lengthened a catalogue of real disasters may attend the removal of all these evils none but a prophet could now tell.

THE PACIFIC CONTRACT ANNULL- ED—THE NEXT MOVE.

Sir Hugh Allan's company has surrendered the contract for building the Pacific Railway. We need not enquire into the motives which led to this result; we need not ask whether the recent disclosures spoiled the contractors' chances in Eng-

land, or whether their failure to float the enterprise arose from some other cause. At present all we care to deal with is the fact of the surrender, and the prospect which it opens for the future. It is plain that, in the actual circumstances, either the attempt to build the road must be abandoned, or its construction must be undertaken by the state. This is the alternative that presents itself for acceptance. For many reasons we cannot afford to abandon one of the greatest enterprises of our time, and one that affords the only means of consolidating the new nation. We are pledged, somewhat rashly, but still pledged, to the Pacific Province to build this road within a certain time; we need railroad communication with Fort Garry and the water navigation of the Saskatchewan, by which together we can ascend to the Rocky Mountains: we must have such means of communication as will enable us to fill up the country with a Canadian population, in order to stamp upon the whole Dominion the impress of a new nationality.

But does it follow that we must at once place the whole line of 2500 miles under contract to a private company? We are not likely to find any company whose private resources would add anything substantial to the amount the nation might give in land and money; and any one company would be pretty sure to make demands for aid additional to its contract price, and to use great political pressure to enforce them. The amount which the Government agreed to pay the Allan company might possibly prove to be sufficient to build the road. The cash payments were equal to \$12,000 a mile, reckoning the length of the line at 2500 miles, and the land grant to 20,000 acres a mile. Estimating the value of the land at \$1.50 an acre, we have altogether \$42,000 a mile subsidy; an amount nearly equal to the average cost of American railroads, and in excess of the cost of our own Intercolonial.

The experience of the latter work shows, in spite of all theories which profess to prove the contrary, that a government can build a railroad as cheaply as a private company, or the average of what private companies have paid. This experience will be of great use in the future. The intervention of a private company would only add to the cost an extra profit; it would do precisely what the Government would do—let the work by contract. Where a private company finds the capital with which to construct the road and looks for a return in the earnings, its intervention is valuable; it is everything. But where it finds only contractors' or mere working capital, where it finds none of the fixed