

ness like answers should be returned. It was said of Sir Robert Peel that he was a master of the art of appearing to say a great deal, when he was really saying nothing. This quality is sometimes very useful to a Prime Minister, and the chairman of a banking meeting is sometimes tempted to emulate his skill in that direction. These, however, are not the times for evasion and mystification. It is a time for frank confession and open dealing. Directors should take the stockholders, and to a certain extent the public also, into their confidence. If there is hesitation in doing this, stockholders may quietly insist upon it. For the reason above stated it is better that, if faults have been committed, they should be acknowledged. There will then be a probability of measures being taken to prevent a repetition of them. But if matters are glossed over, and smothered up, and explained away, stockholders may depend upon it that things will go on as before, and probably from bad to worse.

The all-important matter to enquire about is whether bad debts have been fully recognised—that is, recognized and dealt with as bad. A more difficult thing even than this is to make a fair and just estimate of the real value of doubtful assets. It is here that room for difference of opinion exists, and here too the great temptation to smooth over matters arises.

Good natured and easy-going Presidents and Directors will always take the most hopeful views of a doubtful debt. And where, as in these times, the number of such is great and the amount large, both Directors and Stockholders may deceive themselves to the extent of hundreds of thousands of dollars. When bankers lend five, fifteen, or even twenty millions of dollars and upwards, in the shape of discounts and advances, it is easy to err to the extent of a quarter or half a million, or even a million, in putting a value on them.

It is here that stockholders should be inquisitive. They might ask under what safeguards their money is lent, both at head office and at branches—what is the amount of their largest accounts, and where—what pains and scrutiny were bestowed on bad and doubtful accounts before the balance sheet was made up—how the inspection of the bank is carried on—what the list of protested paper includes, and so on.

All these are pertinent questions, and to these, and any like them, full and complete answers should be returned. Stockholders have the matter in their own hands, and they should not rest satisfied until a thorough exposition of the affairs of the institution is made.

—The London *Economist* has an article on the comparative cost of the production of wheat in England and America, which contains some interesting information. The first fact that strikes the reader is the immense difference in the produce per acre in the two countries; the average in England being 30 bushels, and in the Western States only 13, so that an American farmer must cultivate 2½ acres to enable him to sell as much as the English farmer who cultivates only one acre. But the rich loams of the Western States are much more easily cultivated than the stiff clays often met with in England. There are estimates on which the writer does not implicitly rely, that two acres in the Western States can be as easily cultivated as one in England. It is quite possible that more than twice the labor is bestowed on the English acre. And then the English yield is only obtained by the use of costly manures, a cost which his American rival avoids. This system of exhaustion, as the writer remarks, cannot last for ever. As a matter of fact about thirteen years will suffice to exhaust the richest prairie soils; and this is why the general average in the States is so low. The new lands yield much above the average. The general conclusion drawn is that unless the price of wheat should rise, rents must fall in England. Wheat grown in the Western States pays as much in freight to England, as the rent charge in the latter country amounts to; a statement which implies that as the American grower must carry his wheat to England before he can compete with English grown, he must pay the cost of transport. Freights to England from our own prairies will cost something more than from the Western States; but when the prairies of the Western States are exhausted, the fertility of our own will add largely to the world's stock of breadstuffs and tend to keep down prices.

—The Rag Baby, thrust out of Parliament, has turned up as a foundling at the Amphitheatre, James Street, Toronto. It is spare of flesh, has a ghastly look, and is in danger of being carried off by some infantile disease.

DELUSIVE LIFE IN URANCE.

Taking advantage of the rather indefinite wording of Chapter 167 of the Revised Statutes of Ontario, an association of the so-called co-operative type has been formed at London the less, under the high-sounding title of the Provident Association of America; and is proceeding to organize divisions in different parts of the Province. The Statute referred to was never, in our opinion, intended to be used in founding a life insurance society, or to enable such asso-

ciations to enter into direct competition with either life or accident insurance companies, by making definite contracts, as this association is doing, to the extent of \$500, with \$5.00 a week allowance during disabling accident. Life insurance companies, even with large capital, are required not only to keep a proper reserve fund on hand to meet their liabilities, but to deposit \$25,000 with the Provincial Treasurer, as an additional guarantee; and if they go beyond the bounds of the Province then \$50,000 is required to be deposited instead, at Ottawa. And if the association, "whether incorporated or unincorporated," comes from outside of Canada, as is the case with the Royal Templars, and also the Independent Order of Foresters, \$100,000 is required to be deposited at Ottawa, under a penalty of \$1,000, one-half to the party laying the information. If these statutes are not to become dead letters, it is about time some action was taken to test the right of men to organize a society without a particle of capital, and to assume life-long liabilities for the undertaking of which other societies are required to make large deposits, and accumulate a full re-insurance fund.

It is generally alleged that these co-operatives do not make definite contracts, but merely undertake to pay such sum of money as will be produced by each surviving member contributing \$1.00, or some other fixed sum, at the death of each member. But this cannot be said of the three societies mentioned. We allude to the Independent Order of Foresters, originated at Newark, N. J., 1874; the Royal Templars, at Buffalo, in 1877, and the Provident Association of America, at London, in 1879. All three of these undertake to pay fixed sums; the first two \$1,000, and the Provident \$500, "and from that upwards," as the circulars of the association so elegantly express it. Here is the stipulation:—

"1st.—That in the event of the death of any individual member, his family shall receive \$500, and from that upwards, in proportion to his payments; 2nd, \$100 of the benefit shall be paid immediately to cover funeral expenses; 3rd, if overtaken by sickness or accident, he shall receive medical attendance and a weekly compensation of \$5 to \$10; and 4th, from \$250 to \$500 if permanently disabled by accident and prevented from pursuing his usual avocation."

These are all as definite stipulations as it is in the power of any life or accident insurance company to make with the public; and there can be little doubt that they would be held, by any court, to render the association amenable to the laws governing life insurance companies, in the matter of deposits and reserves.

In addition to the entire want of equity in imposing assessments of equal amount, whether ten cents or one dollar, on all members alike, or nearly so, regardless of their age, as commented upon in our issue of 10th January last, there is another fatal defect in all these associations. And it is this that draws the strong demarcation line between the delusive co-operative institution, and the regular life insurance company. This fatal defect is the want of an actuarial Reserve Fund, to provide for the increasing liabil-