

my operations—and they are, in my opinion, absolutely required for the full examination of the capital stock account. The subscribing shareholders who have not paid their first instalment ought to be made to do so, (see Appendix, Section 1). I have checked the receipts of income so far as it was possible to do so with or by the agents' statements furnished me, and, with one exception, they agree. (See Appendix No. 2.) The cash disbursements are not completely sustained by vouchers. Apart from Petty Expenses, the payments have generally been made by cheques; and, where they have been made by cheques payable to order, I have accepted the endorsed cheque as a voucher. The Petty Expenses, the memorandum of which was on sheets, the secretary says was submitted to the Board quarterly, but I do not see it minutely. I have detailed and classified the following accounts for your information, viz:—Expense Account, Stock Commission Account, and Furniture Account. (See Appendix No. 3.) The office work and accountantship will have to be materially reformed, although considerable improvement is manifest lately in the latter department. (See Appendix No. 4.) Generally, I draw your attention to some matters of routine, calling for the inspection of the Board. (See Appendix No. 5.) Also some recommendations as to the future method of conducting the business of the company. (See Appendix No. 6.) And in conclusion I beg to say, that there is nothing in all my investigations or its consequences to cause the slightest discouragement to the directors or the shareholders, or to destroy the confidence of the general public. The statement, as presented to the shareholders at the late annual meeting, and which (with the modifications I will presently point out) is correct, shows the position of the company to be unacceptably good—to have its capital stock intact, and over and above this a surplus profit equivalent to nearly fifty per cent. of that amount. If, however, from this I deduct the outstanding loss claims in course of being adjusted and paid, and amounting to between eight and ten thousand dollars—and the slight loss likely to be sustained by your secretary, and which I imagine will not exceed three or four thousand dollars—and also make an allowance for loss and expense of collection upon your premium notes—there is still in my opinion your PAID-UP CAPITAL UNTOUCHED, and in addition a SURPLUS PROFIT OF NEARLY TWENTY-FIVE PER CENT. (25 p. c.) on the paid-up capital for the protection of insurers.

Your outstanding risks could probably be re-insured for fifty thousand dollars, but you will observe that the Government Department of Insurance demand an excessively high rate of re-insurance (viz., one hundred thousand dollars); therefore it is barely possible that the Superintendent of Insurance may request you to make a call on your stockholders, but, whether he does so or not, I consider that it would be prudent on your part to do so, and strongly recommend its being done, in order that the confidence of policyholders may be increased, and also to provide for the future enlargement of your business, of which there is no doubt, as well as to meet the views of the Government as to its rate of re-insurance, as mentioned above.

Below I give you a statement of the company's business and position, taken from the books of the company and put in a condensed form, which may be useful, viz:—

	All Disbursements, Rec'ds, Premiums, and Interest.	Losses Paid, Expenses, &c.	Net Profits, or Surplus.
January 1st, 1876.	\$15,238 03	\$9,137 00	
1877.	\$4,536 18	\$5,922 15	
1878.	\$8,792 48	\$5,097 67	
	\$188,566 00	\$155,157 72	\$30,408 97

Amount of paid-up capital stock, as per company's books. . . . . \$60,025 15  
Surplus, or net profit, shown above. . . . . 30,408 97

Making the total assets available for the security of policyholders and payment of unsettled losses. . . . . \$90,434 12  
Against this, however, you will please bear

in mind the modification referred to by me in this report. All respectfully submitted by your obedient servant,

PHILIP S. ROSS,  
Auditor.

#### FIRE RECORD.

Montreal, April 9.—Shed in rear of residence of Mr. H. Seymour destroyed.

Minto, April 6.—Saw-mill, and five hundred thousand feet of lumber, belonging to Joshua Haase, destroyed. Loss \$7,000; no insurance.

St. David's, Ont.—Barn with most of its contents, belonging to M. Warner, destroyed.

Meaford, April 8.—Hardware store of Jas. Ceeland; considerably damaged. Stock and building fully insured.

Montreal, April 8.—Fruit and provision store of Pringle & Lawless slightly damaged.

Hazeldene, April 4.—Pain, carriage and blacksmith's shops of H. Bradley destroyed. Loss, \$2,000; insurance, \$600.

Thurso, April 8.—Grist and saw mill, owned by J. A. Cameron, sr., J. A. Cameron, jr., and occupied by Hammond & Morrison, destroyed. Loss on building, \$12,000; insurance \$6,000 in the National, Lancashire and North British and Mercantile.

#### Correspondence.

##### THE SUGAR DUTIES.

To the Editor of the *Journal of Commerce*.

Sir,—I thank you heartily for giving space to my letter on the sugar duties, and, though you dispute some of my statements on the subject, still it is a real pleasure to turn from the mass of stupidity and ignorance uttered in high quarters, by men whose duty it is to master the question—to the really able and practical writings of a gentleman whose opinions are entitled to respect.

In reply to your criticism I have to state that the crystallized Demerara and other sugar refined in the West Indies is a very different article from the vacuum pan raw grocery sugar from the sugar colonies. These refined crystallized centrifugals are far too expensive for our market, and will all go to England, where they enter free of duty. It is not possible to frame a tariff that would enable them to come here in any quantity.

The proportion of 1 to 1½ is that of the difference between the lowest and highest sugar duties in England under the tariffs subsequently to 1868, for example:

Lowest 2s., highest 3s.

Lowest 4s., highest 6s.

Lowest 8s., highest 12s.

From 1859 to 1863 the rates were 10s. 4d. and 18s. 4d., a proportion of 1 to 1.77. From 1861 to 1867 the lowest was 6s. 7d. and the highest 12s. 10d., a difference of 1 to 1.95.

You stated in your former article that the difference between 3c. and 1c. established by our tariff of 1868 was intended to encourage the refining industry. The proportion is only that of 1 to 1½. You appeared to think that the whole difference between 3c. and 1c. must necessarily be protective, forgetful of the fact that a pound of the low sugar will not produce an equal weight of refined.

My other statements are exactly correct, and require no explanation.

Notwithstanding that the Dominion Board of Trade has endorsed my entire views on the sugar duties and trade with the West Indies and South America, and earnestly petitioned the Government "to take such measures as may be necessary to counteract the payment of bounties on sugar by other countries, and thus afford a fair field for refining in Canada; and in accordance with this policy, and in the interests of consumers, the Board would further recommend a slight reduction in the duties now levied on raw sugars." I understand that Mr. Cartwright proposes to do nothing. So what is the use of my discussing tariff details at this time? As

you have asked me to do so, however, and as I feel deeply grateful to you for the interest you have taken in the cause I am advocating, and as it delights me to discuss the matter with intelligent men like yourself, I will state, in a few words, what alteration is required in our tariff arrangements to revive the business of sugar refining in Canada, with all its attending advantages to traders and shippers:

1st. The sugar duties to be made the subject of a permanent Act (same as in England. See Mr. Gladstone's views on this point below.)

2nd. An Act to be placed on the Statute book: "That in addition to the duties levied under our Tariff there shall be imposed an additional duty equal to any bounty granted by any country on the exportation of goods to Canada"—exactly equivalent to the amount of the bounty—which can be easily ascertained in the case of sugar and for the sole purpose of countervailing it.

3rd. I will accept the present sugar duties (though I would prefer a tariff on the *ad valorem* system) with the following modification: In addition to the 3 cent. deducted by Order in Council in March, 1875, on all sugar under No. 13 Dutch Standard and Melado, a further reduction of 1/4th of a cent. per lb. on all sugar under No. 9 Dutch Standard and Melado, and the packages free of duty.

4th. Molasses, for all purposes, 73 cents. per 100 lbs.

The tariff I now propose will not reduce the revenue but rather tend to increase it, for reasons I can give, and such a tariff would not afford the refiners a third of the protection enjoyed by the other manufacturers of Canada under the present tariff, who are still asking for more.

The following extracts from Mr. Gladstone's great speech on the tariff, delivered in the House of Commons, April 7th, 1861, will prove the correctness of my propositions. Mr. Gladstone said:—"In my clear judgment, and that of all my colleagues, the first claim is that of the article of sugar. (Loud cheers) I need scarcely remind the Committee of the enormous importance of that article. I believe that in its importance to the comforts of the people it may be said to be next to corn (hear, hear.) I believe it may be said with a probable truth that, next to the subject of corn, the question of the sugar duty is, to the mass of the people, of the greatest interest. (Hear, hear.) We propose to make the sugar duty the subject of a permanent Act, and to leave the tax duty leviable from year to year."

I will now give the new scale of "duty":—Refined sugar instead of 18s. 4d., 12s. 10d. per cwt. White clayed, instead of 16s. 11s. 8d.; brown clayed, instead of 13s. 10d., 10s. 6d.; Muscovado, instead of 12s. 8d., 9s. 4d.; and a new class for inferior sugars, 8s. 2d. The duty on molasses will be 3s. 6d. per cwt. and that on Melado 6s. 7d. The fifth class provides for the low sugars now excluded.

The effect of this change will be to reduce the duty on sugar to 1s., or more than 1s. a cwt. less than it has ever been before. . . . a classified duty has been the growth of experience, and I am not able to say that this system of classified duty has been condemned by experience. The advocates of a uniform rate have not—to use a homely phrase—a leg to stand on, such a system would constitute a prohibitive duty on the lower descriptions of sugar which may come here to be refined for consumption. The proposition which I lay down, and which I invite the committee to proceed on, is that the form of our duty should be such as will *interfere with the natural course of trade*. (Loud cheers.)

The following is sufficient authority to justify a countervailing duty:

The sugar convention entered into between England, France, Belgium and Netherlands, was ratified by Mr. Gladstone—a statesman and an economist. Its equity consists in its 19th clause, which enacts a "surcharge" against sugar exported under bounty; without that change, the treaty would, on the face of it, hold out a premium to the wrong-doer, and enable him to