

they need, by going direct to the offices of companies to negotiate fire insurance contracts, the business would be conducted at much lower cost. There is, however, little, if any, likelihood of such a change being brought about. As the public, therefore, impose expensive conditions on the companies, they cannot reasonably complain at having to bear the cost. It is a case of "Who calls the tune pays the piper." The "Journal of Insurance Economics" has been treating the expense question at great length, more especially in its bearings upon local agents. The following views are expressed by our contemporary: "It is in response to these conditions that the attention of local agents has been aroused under the pressure of self-interest. The local agent is very close to, and, in fact, to a very marked degree represents the insuree as a factor in the fire insurance situation. At the same time the agent constitutes as a middleman by far the largest factor in the expense account of the companies. The pressure upon the agent is strong and immediate. We shall be much surprised if this pressure does not lead eventually to important united action on the part of local agency interests upon the expense question. What this action is likely to be we shall not undertake to predict. It will not, however, be in the direction of reducing the incomes of local agents. We do not mean that local agents may not legislate in favour of reduced commissions, but they will not consent to such a reduction unless they receive at the same time concession, which will enable them to maintain, it not increases their earnings from the business.

We believe that the local agents are likely, in the near future, to consider whether there are not conditions under which they can accept reduced commissions without reducing the present rate of earning. They are also likely to consider whether there are not factors outside the rate of commission which the local agents can influence; whether or not they may not be able, by economy in local board expenses, in the cost of inspections and adjustments, and also in the direction of exerting pressure to secure a repeal of excessive taxes, bring about a reduction in the cost of fire insurance.

The probability is that, irrespective of the commission question, and without in any degree affecting their own incomes, there are many ways in which the local agents could assist the companies in reducing expenses, particularly since the local agents in almost every State are now strongly organized for self-defensive purposes. Evidence is not wanting from practical experience that the local agency associations can influence State legislation to a marked degree, and it is not improbable that in this direction alone they could obtain relief for the companies

which would make a very considerable difference in the expense ratio.

It is probable that local agents, now that they are possessed of the power and are faced by the opportunity, will find it expedient, as a matter of self-interest, to exert what influence they can in the direction of reducing expenses in fire insurance in so far as it does not decrease their earning powers. Agents are finding it increasingly troublesome to explain to property owners the high ratio of expense in fire insurance, of which, as we have already said, very much the larger proportion is due to commissions paid to the middleman. Under these circumstances we believe it safe to predict that something will be done by agents, individually, and also through their State and national associations, to effect a reduction in the cost of transacting the business."

DOMINION REVENUE, 1901-1902.

The statement issued from the Finance Department, Ottawa, in regard to the revenue of the year ended 30th June last is, as usual, open to corrections, but these will not be material. The revenue of Canada to end of last fiscal year compared with 1901 and 1895 stands as follows:—

Revenue	Total to June 30, 1902.	Total to June 30, 1901.	Total to June 30, 1895.
Customs.....	\$ 31,945,651	\$ 28,137,999	\$ 17,640,466
Excise.....	11,116,790	10,294,645	7,805,732
Post office.....	3,737,025	3,357,096	2,792,789
Public works, including railways.....	6,380,723	5,702,479	3,591,690
Miscellaneous.....	3,123,703	3,243,747	2,147,452

Total receipts Consolidated Fund Account.. \$56,303,694 \$50,735,947 \$33,978,129

The expenditure under Consolidated Fund Account last year was \$42,255,316. This gives a surplus on the above account of \$14,048,378, which is the largest on record. The expenditure on Capital Account to end of year was \$11,532,155 as follows compared with 1901 and 1895:—

	1902.	1901.	1895.
	\$	\$	\$
Public works, railways and canals.....	8,984,739	5,917,635	2,931,482
Dominion lands.....	312,308	237,871	99,842
Militia (capital).....	183,414	41,186
Railway subsidies.....	2,093,939	2,486,358	1,310,549
Bounty on iron and steel	600,180
South African contingent.....	278,777	874,571
Northwest Territories rebellion.....	1,214	1,453
Total.....	\$11,532,155	\$9,556,169	\$4,341,873

It will be necessary to have more complete statements before judgment can be formed as to the exact result of the transactions of last year. As the above figures stand, the actual surplus of revenue over expenditure in 1901-1902, was \$2,516,223, that being the difference between the surplus in Consolidated Fund Account and the expenditure on Capital