

THE CITY OF BRANDON BONDS.

For some time past there have been disquieting rumours from Brandon, and in our issue of November 25th, 1898, we drew attention to an alleged measure the city proposed to submit to the Provincial Legislature. Fortunately, and to the wisdom of the Legislature be it said, it declined to interfere, and thus saved what would have resulted in a vigorous protest, and an appeal by the bond-holders to higher authority. Provincial interference with the rights of bond-holders would ruin the credit of not only the province itself, but also of every municipality within its borders. When a municipality borrows money, it should be compelled to pay its debts. The Legislature should exercise its authority in preventing a municipality from borrowing beyond the safety limit. It can do this by declining to grant it the right to exceed a certain limit, so that its interest payments and provision for a sinking fund to redeem its liabilities should not exceed a certain percentage of its income, leaving a sufficient margin for necessary administrative purposes.

We hardly thought that Brandon would have defaulted in its interest, yet such is the case. A direct inquiry from this office brought in reply a circular letter from the Secretary-Treasurer, explaining the reason for the city's perilous action. The explanation is the one "difficulty is due to various causes." It is probable that the bond-holders will require some light thrown upon these "various causes," and it is further probable that they will wish to know why they were not advised at the time these "various causes" began their evil course instead of at the eleventh hour.

This remarkable circular letter further states that, "for several years the city has had to face increasing difficulty;" but the only method the city adopts for advising the bond-holders of this condition of affairs is to return the January interest coupons unpaid. It may well be asked why this apparently prosperous city, situated in the midst of a splendid agricultural district, incurred liabilities beyond its means to meet. It has a good system of water works, it has erected an expensive court house, jail, schools, etc., it has bonused industrial concerns (if we mistake not), and, having done all this, it now wants relief from the payment of just debts.

The Council has appointed Mr. A. R. Irwin, who is, we presume, an expert, to inquire into the financial position of the city, particularly as regard its taxable property. Would it not have been well to have invited the bond-holders to appoint some person? It is further stated that a report is expected from Mr. Irwin about the first of May next!

Altogether, the action of the city of Brandon seems stupid. If a few months' extension of time were required for some well-defined object such as the collection of taxes, the bond-holders, if asked, would most likely have granted time. But we are inclined to think they will now take a very severe view of the whole case, and govern themselves accordingly.

THE FIGHTING OF FIRE.

Should Fire Insurance Companies Maintain Fire Brigades?—"No," Says a Well-Known Office.

A statement appeared in a daily contemporary yesterday to the effect that the Fenny Stratford Urban Council (Bucks) had advertised that its fire brigade would not attend fires on property insured in the Lan-

cashire Fire Office unless the occupier first guaranteed the expenses. A representative of "The Financial News" called at the offices of this company to ascertain the reason for this, and found that the announcement did not alarm the officials in the least.

"The paragraph is somewhat garbled, although in the main correct," said the manager. "Some time ago a fire occurred in Fenny Stratford on property insured by us. The fire brigade was summoned; but, instead of getting to work to extinguish the flames, they sat round the building and did practically nothing, apparently enjoying the spectacle. The authorities sent in an account which, in the opinion of our surveyor, was far from moderate; but, the brigade having rendered no services, we refused to pay it."

"Do you object to making contributions to fire brigades?"

"We object, and refuse, to maintain fire brigades. They do not benefit us. If you insure your property and it is destroyed by fire, we are here to pay you the sum so lost. If the fire brigades did not trouble to put out fires, and our claims were so large that we could not meet them out of our income, we should raise the present rates. Say you and a number of others insured premises. We put the premiums received in a hat. A fire destroys your property. We simply turn the premiums out of the hat, and give them to you. If they are not sufficient to meet your loss, we increase the contributions till they are. We are here to insure against fire, and we lower or raise our rates according to our losses."

"You do not pay fire brigades?"

"We have nothing to do with fire brigades. If an inefficient brigade increases the amount of damage done by fire the loss falls upon the insured. Take as an example the Cripplegate fire. There, through the defective arrangements of the fire brigade, the fire was allowed to spread over a large area, and cause enormous damage and loss. What has been the result of this negligence, as we believe? People in that locality have to pay higher premiums than formerly in order that the companies may recoup themselves."

"But in the case of a fire happening on property insured by you, and a fire brigade arrives and promptly suppresses it, surely that must save you a considerable amount? It is better than if the building is allowed to burn to the ground."

"Of course, I don't say that we do not care if fires are allowed to burn. We never refuse to pay reasonable expenses incurred through fires on property insured by us, if the efforts of a brigade have lessened the loss; but our policy-holders benefit by a smart fire-brigade service, as it enables us to lower our rates. I can assure you that people won't insure where the rates allow too great a margin of profit. What we object to is maintaining the brigade, providing the engines, hose, and equipment. It is really a tax on the thrifty and careful for the benefit of others who are not so. A fire brigade is for the community, and the money necessary to keep up a fire brigade should come wholly out of the rates."

"What about the intention of the Fenny Stratford Urban Council to ask every person before attending to his burning house if it is insured with you?"

"That is all rubbish. A man has to pay rates to sustain various local bodies, including a fire brigade, and that brigade is bound to render its best services to him whenever necessary, whether or not he has been careful enough to take precautions against loss by fire. If they do not, it will be for him to take action."—"Financial News," Jan. 12th, London, G.B.