sumpion is considerably ahead of production, and that some twenty-one new furnaces are now under construction. These furnaces will bring the capacity of this country up to 23,000,000 tons, or about one-half of that of the entire world.

From this statement it would seem that the iron market which has always been considered a barometer of the business of the country, as yet gives no indication of danger to the business world.

The decision to close the Exchange from Friday night till Tuesday morning, thus make a three-day holiday, will preclude any active business being done in the interim, so that it is likely to be very dull until next week.

LONDON LETTER.

Finance.

January 16, 1903.

This has been a period of alarms and excursions. The first account of the year has come and gone, and the markets, after a promise of being very much better, have relapsed into something too nearly like their old despondency. Mr. Chamberlain was reported assassinated, and Mr. Beit's condition was magnified into a very serious illness. Palpably there have been bears at work and heavy selling had preceded the circulation of the more sensational rumours. Naturally enough there are people who connect the selling and the spread of the rumours with the same names. 'Twas ever thus. There are still foolish folk who believe that the London Stock Exchange is frequented by angels instead of a very large number of financial harpies. On 'Change there are many noble characters it is true, but in very many cases the reverse is true, and this other variety of operator is a creature who will do, say or spread anything.

From a review of last year's mining finances, some interesting facts are to be elicited. Over four hundred new mining companies were registered, with a total nominal capital of $215,000,000. The two chief points in a review of the year from the many points of view are, first, the very large number of old companies which took the opportunity of reorganizing and re-registering; and secondly, the registration of so many new companies with large capitals for the opening up the newly introduced gold-fields of the Ivory Coast, in French West Africa.

Comparing the new mining companies of 1902 with those of the years immediately preceding, we get the following figures: In 1902, 417 companies with a total capital of $215,000,000; 1901, 519 companies capitalized at $230,000,000; in 1900, 525 companies capitalized at $320,000,000; in 1899, 559 companies at $355,000,000; and in 1898, 509 companies at $275,000,000. Finally, I may point out that the average value of the companies last year was $515,000.

Off and on we have been hearing a good deal during the last year or two of the Netherlands South African Railway. This is one of the principal lines in the Transvaal, and was a perfect little gold mine for its investors. However, when the war broke out, the people at the head of the roads' management flung themselves and their shareholders' property heart and soul into the Boer cause.

From the business point of view this was idiotic and ever since the shareholders' interests have been in serious jeopardy. At one time there was talk of absolute expropriation in consequence, but apparently the financial tangle is so wide and complicated this would be a poor way out of the trouble.

Instead, the British Government now offers $675 for every share which is proved to have been in the hands of private persons prior to the war. Bonds will be purchased at par, and in both cases interest at four per cent. will be added from September 1, 1900. This is another very generous British offer.

THE RATIONALE OF FIRE INSURANCE.

A Paper Read by

MR. E. P. HEATON,

Manager of the Guardian Insurance Company,

Before the Canadian Club, Toronto,

On Monday, February 16, 1903.

I am to speak to you on "The Rationale of Fire Insurance," or, in other words, "The Business of Fire Insurance in its motive and basis in the light of human reason." It will be evident to you that I cannot do more than skim the surface of the subject; that I may not be guilty of overstepping the allotted time or of beating the air in an effort to make a point, I am sure I may count upon your forbearance in somewhat slavishly adhering to my manuscript.

It is not my intention to trace the origin of Fire Insurance; you can read all about that in the Encyclopedia Brittanica, and in dozens of other works of reference; nor have I the slightest intention of inflicting upon you a mass of figures showing the extent to which the business of fire insurance has grown in this and other countries; you can yourselves readily obtain copies of government statements and blue books and study them until you become as bewildered as the country cousin who attempts, without the aid of the friendly police officer, to cross from Cheapside to the Mansion House; yet to entirely obliterate all reference to one or the other would be like making bricks without clay or houses without doors. I apprehend I shall be carrying out your desire if I discuss some of the fundamental principles of fire insurance, and the problems that are met in the course of everyday business life.

It is scarcely to be expected that you will agree with me in all that I have to say; the inevitable antagonism between insurer and insured, seller and buyer, must needs be recognized and admitted, but, in respect to the "motive of fire insurance in the light of human reason," there are certain general principles we can all accept, and the mere statement of which will lead us to a fuller appreciation of the points upon which there is more room for dispute in the exercise of one's own individual judgment and opinion.

We can, for example, agree on this fundamental principle:—"*That the design of Fire Insurance is to provide relief from disaster beyond one's own volition.*" Truly a self-evident proposition that at the first blush we might conclude to pass with full acceptance and without discussion, but, ere we do so, let us pause and hold it in the right perspective, that we may see if even this self-evident proposition has not its lights and shadows.

No age or country has been exempt from personal communal, and even national disasters by fire, and the exercise of the greatest watchfulness and care has not been able to prevent them. Before fire insurance became an organized system, these disasters were provided for by enforced or voluntary offerings (unfortunately the period of "passing round the hat" has not finally disappeared); subsequently there sprang up the system of private underwriting by individuals and clubs; later still was laid the foundation of that great fabric that has been woven into and become an integral part of the commerce of all communities.

From the earliest period of which we have any note, the honest sufferer is he to whom compassion and help have been extended, and the whole object and design of the organized system was to give to mankind the means of retrieving loss without placing him under doubtful and despised charity. With the introduction of the element of commercial profit there came opportunities of advantage and gain to the less scrupulous, and the original design of fire insurance became perverted to the protection of the unworthy. There are indeed some of us to-day who imagine a fire loss may not only afford a happy relief from the payment of a Fourth-of-February note, but change the current of the creditors' thought from doubt and disappointment to that of serene and peaceful resignation.

In similar circumstances the old Chaldean patriarch might have changed his decision to "pull down his barns and build greater" and absent mindedly declare: "I will burn down my barns, for with my insurance I can build greater."

Whilst in the evolution of fire insurance there has crept in the incendiary problem, and I may tell you it is the most serious one with which we are to-day confronted; who is there would bid us close our doors and cease the protection to the many whose entire earthly possessions are liable, without warning, and with incredible swiftness, to be destroyed without leaving a vestage of hope of their replacement. Whatever be the system, by what name it be called, or by what abuses it be surrounded, if it enables the honest suf-