

ance for the express contingent upon note issues, nor for certain office charges, for which each department of business ought to contribute its share.

Considering then the cumbersome nature of the arrangements required for an American national bank to secure a circulation, we must agree with Mr. Comegys, president of a Philadelphia bank, who at the Bankers' Convention said: "There is no profit in taking out circulation under present conditions, as a bank had better loan its capital out at present rates of interest than go to the trouble and expense of buying bonds and issuing circulation." Besides "the trouble and expense," there is this most objectionable feature, such a circulation lacks the important element of elasticity, which is so admirable a quality in the currency system of Canada, and, further, we regard it as an utterly vicious principle to base the circulation of the banks of a country upon the national debt, which is represented by the bonds held by banks as security for their note issues. No wonder American banks are crying out so universally for relief from such a system, and are endeavoring to secure a circulation akin to that which works so advantageously in Canada.

SECURITY FROM AMERICAN LIFE COMPANIES.

Our worthy contemporary, the *Insurance Times* of New York, has again permitted itself to become unduly excited over "the injustice of the demand made by the Canadian authorities for the deposit of full reserves by foreign companies doing business in that country." Judging by the vigor of its remarks, one would almost suppose that the two countries were on the eve of war,—or that the respected editor has been suffering from acute dyspepsia. Probably the latter supposition is the more correct, and we therefore hasten to make some explanations which will, we hope, relieve his distress.

The general question of government deposits is the first to force itself on our attention. Is any country, be it Canada, the United States or Russia, justified in requiring a deposit from life companies, either home or foreign, before licensing them to transact business? The time has, we think, gone by when any doubt existed on this point. Even in Great Britain, where the policy of non-interference is carried to its extreme limit, the law now requires that such a deposit shall be made. Almost every civilized country of any size has also adopted the same view of the matter, and this general aspect of the case may therefore be fairly considered as settled.

But should any distinction be drawn between home and foreign companies? Is there any good reason why a company whose head-office is in Australia or in the centre of Africa should not be allowed to do business in Canada, on the same conditions as companies whose head-offices are located within the Dominion? Surely any person can see that a broad and clear line can be drawn between foreign and home companies in this regard. We give our good friend the credit of believing that even in the worst twinges of his malady, he himself can see such a distinction very plainly. The home companies are located in our midst, and are directly amenable to our laws. If a judgment be obtained

against one of them, it can readily be enforced, for all its assets are within reach of our courts. In the case of a foreign company, matters might be very different. A judgment creditor would have nothing besides that \$50,000 deposit which he could attach in this country; and if that had been exhausted by previous debts, then he would have no recourse but to abandon his case or begin fresh legal proceedings in New York or New Zealand, or wherever the head office might happen to be. The Canadian government has merely taken cognizance of these undeniable facts by stipulating that any foreign life office which desires to do business in Canada must furnish the same security to its Canadian policy-holders that the home companies furnish. This is done by requiring that they shall place within the reach of Canadian courts a sufficient portion of their assets to equal the reserves on their Canadian policies. This is simply placing all companies on the same footing. It only prevents foreign offices from withdrawing to other parts of the world beyond the reach of Canadian policy-holders the funds derived from their Canadian business. We fail to see any hardship in this. If our American friends do not care to leave their deposits in the hands of the government, they are by no means bound to do so. They can invest in real estate or mortgages, and place these assets in the names of trustees selected by themselves, and thus comply with all the requirements of the law. British companies have found no difficulty in the statute, and have even invested in Canada sums much in excess of what is called for. If, however, our friends south of the line still think the regulation is unreasonable—well, they need not comply with it unless they desire to do so. We are reminded of the milk-maid who was told: "Then I won't marry you, my pretty maid. Nobody asked you, Sir, she said."

But have we not heard that somewhere there is a law by which foreign fire insurance companies are even prohibited from advertising the amount of assets held by them at their home offices, because such assets are not within the reach of the local courts, and therefore only misleading. Of course it could not be the enlightened nation to which the editor of the *Insurance Times* belongs that passed such a barbarous statute. The assets of British or other foreign fire offices are of course much safer in the hands of the companies themselves than they would be with State departments or other trustees. To compel fire offices to invest in any one country enough of their funds to cover the reserves on their local business would be "an outrage." "There is no country on earth, not even Russia, which makes such an unneighborly and altogether exasperating demand." "No State in the Union makes such an impudent demand, and the people of no commonwealth in this land would tamely submit to it." Certainly the United States would never do anything which is so obviously "not a square transaction, but rather a clear imposition of a nature that may yet involve international complications." Of course not! And yet a little bird whispers in our ear that it is exactly in the United States that this terrible thing is done! "Oh, consistency! Thou art a jewel!"