

OPENING THE QUEBEC LEGISLATIVE ASSEMBLY

The Address delivered by the Lieutenant Governor at the opening of the Quebec Legislative Assembly contains little of general interest beyond an intimation that a new loan for two millions is to be floated. The necessity for this has been explained to be, the providing funds to meet certain engagements entered into without the consent of the Legislature by the Flynn Government, and to cover also a deficit between ordinary income and expenditure. From subsequent remarks by the Hon. Mr. Marchand, we gather that it is his intention to bring about an equilibrium between expenditure and revenue. This policy is the only one consistent with a regard for the best interests of the Province. Spending money for current expenses in excess of current income, and making the deficit good by borrowing, is highly reprehensible, it is a course no wise man pursues, but condemns in either Governments, corporations, or individuals. The debt of the Province is not so excessive as some imagine, but any additions to it should not be the result of over spending the ordinary revenue. We are glad to note indications of a more prudent dealing with railway subsidies and guarantees. In our issue of the 1st June, we stated our views in regard to Governments guaranteeing payment of interest on railway bonds. We showed that the system is highly attractive to both parties at the initial stage, as the Government get rid of pressure by a stroke of the pen, and the railway secures an endorsement of its scheme by which it is enabled to raise money. "The guarantee is obtained as a general rule, by the railway company arranging to place a sufficient sum in the hands of the Government to ensure the interest payments. This sum is taken from the proceeds of the sale of the securities which have been floated on the strength of the Government's guarantee. In plain words, the money assigned for meeting the interest payments on the railway's securities is taken from the pockets of investors in such securities, and placed in the hands of the Government, in order to be paid back to investors in the shape of interest. There is no provision for the due payment of the principal. If the road turns out a good paying concern, well and good, but if it earns mere nominal, or no profits, or is worked at a loss, the securities may become practically worthless." On these and other grounds we regard the practice of a Government guaranteeing payment of interest on railway bonds as wrong in principle, as liable to seriously impair the credit of the country; as tending to encourage extravagance and worse evils in management. The wiser course is to grant a straight bonus to a proposed railway of a certain sum per mile proportionate to its estimated gross cost, to be paid over on conditions which will protect public money from being improperly expended. We have said that the Provincial debt is not excessive, the gross amount is only \$25,559,867, against which are held Crown lands, and other Assets which are at least

equal in value to the Liabilities of the Province. The charges on the debt are almost covered by the Dominion Subsidy. Outside of the interest on the debt the ordinary expenses for carrying on the Government of the Province amount to about 2 1-2 millions. Towards this the revenue from Crown lands, mines, and fisheries provided last year \$870,891, the Administration of Justice \$285,746, Interest on loans and deposits \$334,351, miscellaneous revenues \$63,929, and taxation by licenses, etc., \$991,537. It is not reasonable to regard such a financial position as presenting any difficulty to its finances being managed on such business principles as would maintain the revenue fully equal to the expenditure.

AN OFFICIAL WARNING AGAINST IRRESPONSIBLE FIRE INSURANCE COMPANIES.

The Commissioner of Insurance for the State of Michigan has issued the following circular, warning against a class of fire insurance companies, some of which are busy endeavoring to secure business in Canada, in violation of our laws. The appended list will be useful to agents in this country.

STATE OF MICHIGAN INSURANCE DEPARTMENT.

Lansing, Mich., Oct. 13, 1897.

It has come to the knowledge of the Insurance Department that the citizens of this State are, in many localities, being swindled and defrauded by worthless and irresponsible insurance companies. Companies who are not authorized to write insurance in this State, have no standing here whatever, and should a loss occur, the insured would be without a legal remedy in the State. The agents who solicit for such fraudulent companies or aid in placing policies for them are criminals before the law. Several fires have lately occurred with insurance in such companies and not a dollar of loss has been recovered, and this Department is powerless to aid. I herewith give a list of some of these disreputable, outlaw concerns now known to the Department, and others will be announced when ascertained. Most of these are mere myths without legal existence anywhere, but are scattering policies and collecting premiums wherever they can. The General Fire Ins. Co., of Paris; The Atlas Ins. Co., of Columbia, S. C.; Union Mutual Fire Ins. Co., of New Jersey; South American Union Underwriters, of New York; New York and Mass. Fire Lloyds, of New York City, Underwriters; Atlantic Mutual Fire Ins. Co., of New Jersey, Underwriters; The American Trust and Ins. Co., Chicago, Ill.; Mt. Vernon Fire Ins. Co., of Alexandria, Va.; Queen City Fire Ass'n, of Buffalo, N. Y.; Buffalo Mutual Fire Ins. Co., of Buffalo, N. Y.; Aurora Fire Ins. Co., of Philadelphia; Long Island Mutual Fire Ins. Co., of New York; United Fire Ins. Co., of Providence, R. I.; Protective Fire Ins. Ass'n, of New York; Underwriters' Mutual Lloyds, of New York; Merchants' National Ins. Co., of Chicago, Ill.; Electric City Fire Ins. Co.; Buffalo and Niagara Fire Ins. Co.; Knickerbocker Fire Lloyds, of New York; New York Fire Lloyds; The Isthmus Lloyds; New Jersey State Fire Association.