

a large percentage of losses, as is often attributed to it, arises from purely criminal intent; for it would be not only a stretch of imagination but a libel upon human nature, to suppose that every third or fifth customer would, on suitable opportunity, set fire to his own property for gain, and then make claim upon the underwriter for his money; a condition of affairs that fire underwriting experience, bad as it is in this particular, will not bear out.

The material hazard of a risk can be readily measured or estimated with sufficient definiteness for practical purposes; but the moral hazard, the innate perversity of mankind, has never yet been priced. But it does not follow that in recognizing the existence of moral hazard in certain cases of fire underwriting, that all men desiring insurance are dishonest, any more than it follows, as a necessary sequitur, because we have penal laws against murder upon our statute books, that all men are murderers, or would be murderers, but for the terrors of the law. It is this exception, as to human depravity, that is the salvation of fire underwriting.

If all men were honest, insurance could be afforded at very low figures, as compared with present rates. Honesty must bear the burdens of dishonesty.

Competition is the great promoter of moral hazard. In the eagerness of companies and agents to secure business, the old landmarks of safety are overlooked, risk after risk and hazard upon hazard, both moral and material, are assumed without due and proper examination as to present conditions, physical or moral. And, unfortunately, there is little hope for improvement until undue competition shall be reduced within legitimate bounds, and companies shall not only find time and opportunity to scan the offerings made to them by their agents, but shall scrutinize both property and owners with reference to the rate for the one, and the financial condition, honesty and reputation of the other. And even after all this care and discrimination, the chances will be that risks will be taken, and the names of parties will be found upon the books—after loss develops the fact—which should never have been there; but the company will have done its duty, so far as within its power, in stemming the tide of competition, which, at times, threatens the entire demoralization of the business.

FIRE ON NOTRE DAME STREET, MONTREAL.

A fire occurred on the 3rd instant, near the corner of McGill and Notre Dame Street, in this city, involving an insurance loss estimated at \$125,000. The number of risks in the various buildings damaged are so numerous that we are unable to obtain a complete list of insurance at the time of going to press.

THE TRADE BALANCE OF CANADA.

The address of Mr. J. M. Courtney, the other day before the Canadian Club, calls attention once more to the matter of our foreign trade balance. Mr. Courtney mentioned the fact that the Dominion's budget has doubled in ten years. Proceeding, he said "The progress is real and substantial, but with this great expansion new conditions have arisen and are constantly arising. In respect to the money order business alone there has been a transformation in the last three or four years. Formerly the United States postal authorities had to remit to Canada money to meet the orders sent home by Canadians residing there. The reverse is now the case. To Great Britain, to the Scandinavian countries, and to Italy, also have large remittances now to be sent for a similar purpose. In this way \$700,000 will be sent to Italy alone this year."

Then, besides, there is the necessity to provide for the interest on the foreign-held debt of the Dominion Government, and on the portion of the debts of the provinces, municipalities, railroads and other corporations which is held abroad. What makes it particularly easy to finance all these payments to outsiders at the present time is the very heavy flow of foreign capital into Canada. In the last three or four years especially this has been on a phenomenal scale. In a sense almost all of it might be described as investment, of a more or less permanent nature. But the investments are of two classes. One consists of the purchase by British and foreign investors of bonds and stocks issued by our governments and municipalities, and our corporations. This represents, in plain speech, straight borrowing abroad. The other class consists in the investment by immigrants in farms and other properties, in investment by outside capitalists and corporations in new industrial plants and factories, in mines, etc. With regard to the first named class of investment it has been going on since the beginning of our history. Except for a few occasions wherein sharp repayments had to be made, the gross amount of what we owe abroad has steadily increased. And with the increase, our obligation for the yearly remittance of interest has risen also. But our available wealth, and our profits from production, have grown much faster than the burden of our debt. A sum, the annual payment of which would have embarrassed us considerably ten years ago, can now be raised and remitted with ease. And, with regard to the second class, the owners, in the majority of cases, accompany their capital, and become Canadians. Obviously when this happens there is no debt owing by us. The capital brought by our new immigrants becomes Canada's capital. In connec-