rate increase of 50 per cent., having now reached the sum of $2,385,435. This will do for a beginning, but we hope yet to see our manufactures one of the principal features of our export trade. Taking the exports as a whole, we think this brief review clearly establishes that all our sources of production are in a healthy condition, whilst some of them, and notably those of animals and their produce and the mines, have been developing with great rapidity since Confederation took place. We might challenge any country in the world to surpass some of the figures we have given, and these results have been achieved, not under the fostering influence of reciprocity or free trade with our American neighbours, but in defiance of a fiscal policy, supposed to be specially inimical to our interests.

A RESERVE FUND FOR MERCHANTS.

A statement of the assets and liabilities of Jay Cooke & Co. has been published, from which it appears that they owe nearly $8,000,000 of unsecured debts, while they have nearly $16,000,000 worth of property to pay with. One would think it impossible for a firm to fail under such circumstances; yet not only has the firm failed, but there appears to be very little prospect of their being able to resume business. Certain it is, that creditors will have to wait long for their money, and it is not at all impossible that they may never be paid in full. For it appears from the statement above referred to, that in addition to the $8,000,000 of ordinary debts, there is a further sum of $1,700,000 which is fully secured on good collaterals. Now, it is clear that these must have been all the good collaterals they had; for a firm like Jay Cooke & Co. would never have gone down without straining every resource of credit and security at their command, to avert failure. After pledging securities for $1,700,000, they had still $16,000,000 worth of bonds, mortgages, and other property left. Yet, with this enormous total of assets in hand, they were forced to stop payment, and this at a time when money was comparatively easy, and readily obtainable on good securities. This conclusion is irresistible, viz., that this immense sum of $16,000,000 was represented by securities of such a doubtful character that the firm could raise no money on them at all. It seems incredible, yet such must be the fact, for otherwise they could have pledged more securities and raised more money to save themselves from failure.

Now, here is something for our men of business to think about. A firm with a surplus of $8,000,000 forced to stop payment because of the poor quality of its assets! The whole $8,000,000 likely to be swept away in process of realizing the estate for the creditors! Possibly something worse. Out of this total of $16,000,000 it is not at all improbable that enough cannot be raised even to pay the creditors! For it would appear that there cannot be any really *good* assets at all amongst it, otherwise they must have been pledged to raise money to carry on. Of the assets, over $4,000,000 is in the bonds of the Northern Pacific Railway, and $1,500,000 more in the shape of a loan to the same Company; $2,500,000 more consists of second mortgage bonds, &c., and nearly $8,000,000 is classed as bills receivable, bank, insurance, and other stocks, and real estate, evidently a mass of unsound securities, requiring great length of time for realization. What will be the upshot no man can tell; but we fancy a good number of the creditors would be willing to take less than 100 cents on the dollar in settlement of their claims.

But what has all this to do with merchants and with a reserve fund for *them?* Jay Cooke & Co. were bankers. Undoubtedly the primary lesson is for bankers, and this case will doubtless add another to the lessons events are constantly teaching as to the essential importance of keeping up the character of their loans and avoiding lock-ups. But merchants are interested too. Merchants may have a large nominal surplus and yet may be brought to the ground and fail to pay their creditors. No merchant that we are aware of in Canada professes to have so large a surplus as Jay Cooke & Co. show. A far less amount is considered sufficient ground for unlimited credit amongst us. Few firms in the Dominion are reported worth a million or over, and not many in each of our large cities are worth half as much. But the accumulations of any of these may turn out to be the merest dream, when the time of trial comes. A mercantile house may accumulate a solid fortune, and be worth a million or more of solid assets, (as Jay Cooke & Co. undoubtedly were some years ago) yet a very few years of loose management may dissipate the whole. A few seasons of bold and speculative dealing on the part of the younger men of a firm have brought many a great house to the ground. The balance sheet may show great apparent profits and a constantly rising surplus, yet failure may come in spite of every effort to stave off the evil day. For if a house allow its assets to depreciate: if its warehouse becomes choked with poor and unsaleable stock; if its books are filled with accounts that cannot be collected; if its bills receivable discounted at the bank consist largely of "supply account" paper, no matter how large the apparent surplus is, failure is only a question of time.

This brings us round to the question raised by the heading of this article, viz., that of a reserve fund. A merchant like a banker needs a reserve, and in making up his balance sheet, he will, if prudent, take care and make provision for it. This particularly needs to be done in case of partnerships, before crediting increase of profits or capital to separate partners. This reserve fund should be invested in undoubted securities on which money can be easily raised, and not be exposed to the risks of the business. Then in case of a great calamity, fire, shipwreck, panic or what not, there will always be a something tangible and easily available to fall back upon.

The question of standing or falling at a critical time, may just depend upon whether a house can raise money over and above its ordinary resources. Those who can outlive the storm, while those who are unable must succumb, no matter though they have an apparent surplus of a million.

A QUESTION IN LIFE INSURANCE.

Mr. Elizur Wright of Boston, Mass., is the best known and the most experienced of American actuaries. His life has been chiefly spent in the circles of life insurance as agent, actuary or State Commissioner. When talking of life insurance as practised on the other side of the parallel of forty-five, he knows whereof he affirms, if anyone does. What is known as the "Massachussetts non-forfeiture law," a measure which has done more than perhaps anything else to liberalize the life insurance policy owas its paternity to him. In other respects, too, he has left the impress of his mind upon the system, fixed too deeply to be soon erased. It is, therefore, a little startling to read his keen criticisms and pointed thrusts in the book* before us, since he cannot himself escape unharmed.

Any reader of Mr. Wright's book who has not given the subject of life insurance a good deal of study will soon arrive at the conclusion that the life insurance policy is a contract, the precise force and effect of which it is not easy to understand. For, in addition to such plain questions as the safe investment of money, economy of expenditure, adequate premiums, &c., there are other matters, more or less technical in their nature, which involve the rights and

*"Politics and Mysteries of Life Insurance." By Elizur Wright, late Insurance Commissioner. Cloth 12 mo. 238 pp., $1.50.