

ANOTHER WORD ON LLOYDS.

THE persistence of American Lloyds in seeking business in Canada calls for equal persistence in protests against them, and exposures of their methods. The Superintendent of Insurance for Wisconsin refuses to admit Lloyds into that State. Under the Lloyds' system, the name of each associate or individual underwriter appears on the policy, and the individual liability of each is defined, which, as a rule, is limited to a proportionate share of the amount in the policy, and no more. The liability is several and individual, no underwriter being liable for the debts of any others. The stability of a Lloyds is like the strength of a bundle of separated sticks, which are tested one by one. The aggregate of a Lloyds is no stronger than each policy requires; but if there is a weak member in the aggregation, the value of its security is so far impaired. This is enough to induce great caution, especially when it is so difficult to ascertain the financial responsibility of each Lloyds underwriter. Suppose judgment is obtained against a Lloyds, execution has to be issued against each individual member for his proportionate share covered by such judgment, involving costs which make it hardly worth the outlay to follow up such a victory. The Wisconsin Commissioner says: "The collection of judgments against Lloyds is a problem often submitted to me by policy-holders, and for which I have neither remedy nor sympathy to offer." The only assured protection the Lloyds policyholders can have is a deposit made with the authorities. This protection has not been provided in Canada, indeed the Lloyds have not even furnished it in some of the American States where they operate, as they do here, in violation of the law. To place insurance risks with such a body, which can no more be grasped than a lump of quicksilver, and over which a Canadian claimant has not the slightest power, is the very height of folly.

ENGLAND'S BAD DEBTS.

The prodigious wealth of Great Britain is shown by nothing more impressively than the extent of the Capital loaned to foreign governments and enterprises. It is this which affords a solution to what is so puzzling to many, viz., the perpetual so called "balance of trade" against her. Year after year the imports into England exceed the exports by an average for a long term of years of \$500,000,000, about 33 per cent. of excess of imports over exports. A considerable portion of this balance represents the liquidation of foreign indebtedness to England. Were these large imports not so applied in international exchange, England would have been piling up a huge debt to foreign countries in the same way as has been done by the United States, which has settled for many long years the balances against her created by the differences in value of her imports and her exports by sending national and other securities to foreign markets which, for exchange purposes, operated just as though the States had shipped goods for the same value. In transacting an enormous foreign trade which

amounts to over \$3,700,000,000 yearly, it is a natural consequence that England accumulates a large amount of bad debts, just as any firm of merchants or manufacturers inevitably do. Every ten or twelve years these debts become embarrassing to the creditors, whose pressure for payment and restriction of further credit bring about a crisis in the money market, such as was caused by the collapse of the Barings owing to their loans to Argentina and other borrowers turning out to be bad debts, and the panic of 1893 which arose from distrust of American creditors owing largely to the scare as to obligations of the States being payable in gold or a depreciated currency. The vast extent, variety, and complication of the obligations of one country to others make it difficult to realize, but it is the plain truth that all panics have their origin in bad debts, for it is clear that, so long as all obligations which have been incurred are being liquidated at maturity, financial business must run smoothly, and no distrust will arise, unless, as in the case of the panic of 1893, the creditors have reason to suspect some action of their debtors being likely to lead to bad debts being created in the future. The case is parallel to the relations between wholesalers and retailers. So long as the latter meet their promissory notes promptly, all goes well; but when retailers begin to demand large extensions, a small panic arises, or, if wholesalers see their customers launching out into outside speculations, they restrict their credit, and another form of monetary crisis on a small scale arises. The London *Economist* has recently published the following list of bad loans:

	Amount of debt.	Arrears of interest.
Argentina.....	\$100,097,000	\$21,550,000
do municipal loans.....	12,259,000	2,920,000
do provincial ".....	59,050,000
Columbia.....	9,070,000	9,950,000
Costa Rica.....	10,000,000	250,000
Guatemala.....	9,259,000	540,000
Honduras.....	26,643,000	50,112,000
Liberia.....	500,000	735,000
Nicaragua.....	1,425,000	55,000
Paraguay.....	4,180,000	583,000
Mississippi.....	7,000,000	20,160,000
West Virginia.....	15,240,000
Confederated States.....	12,090,000	25,340,000
Totals.....	\$266,843,000	\$132,355,000

Principal and Interest amount to \$399,198,000, which is a formidable sum to write off against profit and loss. What must be very exasperating to English investor, is the utter indifference shown by these borrowers to their obligations, they are said to be showing no disposition to effect settlements with their creditors, except in the case of Guatemala. We are surprised to find that the holders of the Confederate States securities have not lost all hope of recovering some portion of their investment, as they have organized a committee to watch for an opportunity "to push for payment." We wish them luck, but would not care to buy their chances. The *Economist* urges that all defaulters be placed on a black list on the London Stock Exchange and continental Bourse, and quotations refused for any further loans public or private of any States which have defaulted. Happily there is no risk of Canada, or of any Canadian institu-