

not look in them for reticence, or concealment of any fact, in the personal or family history of the subject, within the knowledge of the examiner. The seal of an honorable confidence in these matters as among the parties (the company, its medical adviser, and the applicant) is always held most sacred, but among the three, everything should be clear and above board. Whilst it is evidently in the interest of the company to be made acquainted with all facts regarding the proposed life, it is also in the interest of the insured that he be not granted a policy based on imperfect information, thus leaving the possibility of future trouble for his heirs, when the policy becomes a claim. We, of course, can well understand the delicacy a medical adviser feels about imparting details he has come into possession of through professional intimacy with his patient, especially if his patient is silent in his application regarding the matter. Nevertheless, we think it would be his manifest duty to impart all he knows to the company, or else decline to act for it or accept a fee for services which he feels he cannot faithfully render.

#### Where the Money goes.

OVER a year ago an eminent London banker stated his conviction to be that the annual account of Europe against America which had to be liquidated was about \$325,000,000. The sum was objected to as too large, but no one corrected it by analysis. A prominent member of a New York foreign banking firm, whose position enables him to speak with authority, has given it as his judgment that this indebtedness is 350 millions,—that is, the States have to send to Europe that sum yearly to pay its debts. The statement is made up as follows:

For money spent abroad by Americans.....	\$100,000,000
For freights in foreign ships .....	100,000,000
For interest on American securities.....	75,000,000
For profits of foreign corporations doing business in U. S., and incomes due to non-residents.....	75,000,000
	<hr/> \$350,000,000

Clearly, this vast sum must ever be an overwhelming factor in American finance. It very far exceeds the exports over imports; the gold shipments have been of no appreciable account in settling this huge bill. The course has been for years to ship securities to Europe, which acts on the balance of trade, or debt, precisely in the same way as the shipment of goods. With the above figures in mind, and the usual course of their liquidation in view, we can see how any check upon this outflow of securities would produce serious financial trouble, and how a panic must ensue if the stream commences to flow backwards. America is at last realizing the dream of Columbus, it is pouring out an auriferous stream for the enrichment of the old world, more vast than ever before was sent from one continent to another. It is impossible for such a yearly drain to go on without peril. The States will have to export more goods, or import less; she will have to develop her ocean marine; she will have to reduce the volume of securities held abroad, and rely more on native capital for native enterprises. Unless these reforms

are accomplished, the financial condition of the States will remain unstable. Whether there is statesmanship in America equal to the task of doing what is needed, is one of the greatest problems of the day.

#### THE PROPOSED MUNICIPAL FIRE INSURANCE SCHEME.

The full text of the Bill relating to municipal fire insurance, which is to be submitted to the Ontario Legislature, will be found in this issue. We have criticized this scheme several times. So far as we understand it, the object sought to be secured is cheap fire insurance. We are satisfied this end will not be gained, and will involve far more objectionable conditions than high rates. A city that insures itself violates the scientific basis upon which the business of insurance is based. Fire insurance is a question of averages, and the companies owe their ability to meet large losses to the fact that their risks are distributed over a very wide area. In the larger fire offices, this is world wide. Premiums received from the many provide funds to pay the excessive losses of the few. The accumulations of years with average losses all over the field are liable to be swept away by some local disaster or a succession of fires in many locations. Municipal insurance can only provide for periods when no large, extraordinary fires occur, the risk of conflagration is not provided for.

It is proposed by the City of Toronto to issue a million dollars of debentures for fire risks; but as a recent experience shows, one single fire might absorb the whole of that sum and more for claims. The Bill provides for one or more municipalities joining in the scheme so as to distribute the losses. But we regard this as chimerical. It cannot be carried into practical operation for obvious reasons. The very proposal to bring in other municipalities evidences distrust in the whole scheme. If it be wise to broaden the basis by taking in a number of adjacent places, surely it is wise to place the business on the broadest possible basis. This is just what the companies do. Suppose Toronto junction were wiped out by a fire, how would the citizens of Toronto like to be called upon to restore that place or pay the insurance claims?

In the case of a fire, the settlement is a matter between the insured person and the company. But if the city were the underwriters, every claim would be a matter of public interest, and disputes would arise in which the citizens at large would take part. The companies are most averse to legal disputes, but a city would be compelled to resist claims so constantly that a fire would come to mean also a law-suit. There would not, and could not, be the nature of things, be the prompt payments of claims such as now prevail. The financial confusion that such a system would entail would be a peril to banks, loan companies, private money lenders, and estate proprietors. They would be compelled to take special precautions to protect their interests which would entail heavy costs upon borrowers. At present a fire insurance policy in any reputable company is relied upon absolutely as pro-