

otherwise, business could not be conducted, because the fire insurance policy enters into almost every transaction of any importance in this country. As between lower rates and value there is scarcely any business man in the country who would hesitate about choosing value. He may think from a cursory examination that he is paying too much for his indemnity, but he would rather pay more than less if the less lessened the value. Of course, this does not mean that the companies should not bring down their expenses to the lowest ratio possible.



### MUNICIPAL INDEBTEDNESS.

However good in theory, and perhaps in practice, may be the principle of municipal ownership, there can be no doubt that its application is often attended with a startling increase in municipal indebtedness which, unless watched, is apt to land ratepayers in an unenviable position. We in Canada have often noticed this tendency in our cities to increase their liabilities more and more rapidly, but in other countries, some of which are held up to us as models, the same tendency is visible in even a more marked degree. Great Britain, for instance, is the ideal home of municipal honesty and municipal enterprise, but that all that glitters is not gold even there is manifested by some remarks made by Lord Avebury. Or, rather, he has made an interesting study of the increase in recent years in local and national expenditure. About forty years ago, says that authority, the local expenditure of the United Kingdom amounted to only some thirty-six millions sterling; in 1901-02 that total had swelled to 144 millions sterling. No doubt population had increased, but in the last twenty-two years the average rate per head of population has risen sixty-two per cent., while the average debt per head was now ninety-five per cent. greater, and the average rate per pound of valuation sixty-one per cent. In London the increase had been from £1 4s. 11d. per head of the population in 1874-75 to £2 12s. in 1900-01. In the rest of England and Wales the increase had been from 14s. 8d. per head of population in 1874-75 to £1 2s. 6d. in 1900-01. These figures are serious, but when we come to local borrowings, the results of a little enquiry are absolutely startling. The outstanding loans of local authorities in England and Wales had risen in ten years by no less than £142,000,000, and now amounted to over £343,000,000, while those of the United Kingdom were £412,000,000!

Not only this, but we note that in his Budget speech last year the Chancellor of the Exchequer pointed out that in England and Wales the total outstanding loans in 1880 were £137,000,000. In the ten years from 1880 to 1890 that amount was increased by £62,000,000. In the ten years from 1890 to 1900, the amount further increased by £95,000,000; while in the two years of 1900-02 the figures were increased by no less a sum than £49,000,000. That was to say, the present rate of increase was two and a half times as great as it was in the period between 1890 and 1900; more than four times as great as between 1880 and 1890. In the twenty years between 1880 and 1900, while in England and Wales the local indebtedness increased by £157,000,000, the gross capital liabilities of the State were reduced by £132,000,000. But when the State was forced again to become a borrower, owing to the exigencies of a prolonged war, there was

no compensatory restriction in the demands of the local authorities. In the three years ended March 31st, 1902, the local authorities of the United Kingdom borrowed over £103,000,000, and the total local indebtedness at the end of 1902 was, as stated, no less than £412,000,000.

We note, also, that some sort of a reply to these figures has been attempted by Sir Albert Rollit, but, as it is remarked by the Spectator, this writer did not take into account, so far as we are aware, the fact that many municipal bodies undertaking various matters—not all profitable—that used to be left to general private enterprise, have to provide expensive plants which will require replacement, and sometimes this will involve a total change in detail—we doubt whether due provision is always made for this certain contingency, beyond the usual reliance on further loans, higher assessments and the like. These means, however, unfortunately tend to intensify and to exaggerate the evil. Municipal bodies cannot continue to borrow *ad libitum* with permanent impunity any more than any other bodies engaged in large operations. At present there is a universal outcry as to the increase in rates, and it is quite likely that ere long municipal bodies may find themselves in serious difficulties.

For ourselves, we wonder ratepayers have not long since been roused out of their general apathy in reference to municipal matters, and efforts made by householders to curtail decisively the excessive increase in expenditure indulged in by the men who represent them in the councils. But then we know, of our own experience in Canada, how insidious and how usually unchecked is this slow but sure or rather rapid increase in municipal borrowing. It is certainly true that a wholesome check to it would do much towards strengthening the security of municipal loans.



### CANADA AND THE JAPANESE TREATY.

In view of our article last week setting forth the facts regarding the British commercial treaty with Japan, and the exclusion of Canada from the benefits arising therefrom, the discussion which took place three or four days ago in the Dominion Parliament will prove of particular interest. As was stated, the Canadian Government did not become a party to the treaty in December, 1896, nor January, 1897, but when Mr. Fisher was in Japan two years ago he was informed by the Japanese Government that if at any time Canada desired to come within the terms of the treaty, the Japanese Government would raise no objection.

Mr. Fisher, in making a statement on the subject, said that when he went to Japan two years ago, he had made a special study of the subject, and found that Japan had commercial treaties containing most-favored-nation clauses with Great Britain, Germany, Austria-Hungary, and France. The treaties each included a specified list of articles with lower rates of duty. Japan had also general commercial treaties with seventeen other countries. And in each of these, while there was no specified reduction on any specified article, there was a most-favored-nation clause, with the result that Japan has given to nearly every commercial nation of the world the lowest duty which she gives to any other country on certain specified articles. As Canada had