M. P., on behalf of the Globe Telegraph & Trust Co., and Mr. Lushington, Secretary of the Direct U. S. Cable Co., is creating, and deserves to create, much interest and not a little apprehension among business men with European connections. Mr. Pender, at an interview as far back as October, it appears, verbally suggested a certain "beneficial" policy to be pursued by the Direct Cable Co., in the interest of himself and other shareholders in that company, and for the indirect benefit of the company first mentioned, of which he is the chairman. After several letters had passed, showing reluctance on the part of Mr. Lushington and his principals, to enter into any arrangement which was but "verbally shadowed forth." Mr. Pender, on the 23rd November, definitely writes recommending "that negociations be commenced with the Anglo-American Cable Co., with the object of bringing about an agreement based on the principle of a joint purse of the traffic receipts of the two companies," and he asks that the proposal be at once submitted to the shareholders of an extraordinary general meeting.

Still the Secretary of the Direct Co. hesitates to entertain the matter, and as late as 5th December urges the illegality of such a junction as that proposed, and objects to be hurried or bullied into it by Mr. Pender and his monopolist friends. The outcome of the correspondence is that circulars have been sent by Mr. Pender and his friends to the shareholders of the Direct Co. pleading the hardness of the prohibitory clause, and the charm of friendly protective combinations and asking for their votes at the coming meeting. Then, too, a circular is sent by the directors advising the calling of the extraordinary general meeting on February 2nd; but explaning that counsel having advised that the proposal to effect a friendly alliance with the Anglo-American is under their charter illegal, the resolution of Mr. Pender containing that proposal, will not be put to the meeting. This circular further combats the assertions of Mr. Pender about the ruinous nature of their business, and shows that, with an income of £190,000 per annum, the receipts show a steady increase, with the exception of July, for the six months ending November last.

The directors clearly stand by the conditions of the charter, and state that "this company was founded upon a definite policy, that it would be wiser for it to stand alone than to be absorbed into other companies!" and they declined to reverse this policy or to break faith with parties, who have made contracts with them based upon this clearly defined feature. This design on the part of Mr. Pender and his feiends, who probably represent, *sub rosa*, the Anglo-American Cable Co., to bring about what was so carefully garded against in the organization of the company, should be dealt with summarily. It is a bold attempt to reimpose upon the business public a monopoly, which, grievous and unrighteous as it was four years ago, would, in the increased use made of ocean cables and the constant need for their greater cheapness and efficiency, be a flagrant offense against public policy and private convenience.

Some American journals suggest that the Government shall order the Direct Cable to be cut off from communication with that country in the event of the passage by the shareholders of the proposed amendment. So likewise should the Canadian authorities act if this company, so greatly favored and so greatly sympathized with as an independent line, become, through the greed of its late shareholders, a portion of the very monopoly it was formed to oppose.

THE LIABILITY OF MERCANTILE AGENCIES.

The case of W. & J. B. Gibson against R. G. Dun & Co. has just been decided by the Court of Common Pleas at Cincinnati, and as the question of the liability of Mercantile Agencies in respect of the reports given by them is one that is at present exciting a good deal of interest, we think it worth while giving our readers a short statement of the facts in this case and of the judgment given.—

The dispute arises out of circumstances somewhat similar to the case of McLean & Dun now pending before our Court of Appeal. In the suit of Gibson *vs.* Dun the case made out by the plaintiffs was that they were subscribers to the defendants agency, that as such they in ordinary course requested a report concerning the firm of A. M. Knight & Son of Springfield Mass. that the defendants gave them a favourable report upon the strength of which they sold them a bill of goods; that as a matter of fact Knight & Son were insolvent, at the time the information was given and that their estate was shortly afterwards placed in bankruptcy. The plaintiffs submitted that under this state of facts they were entitled to recover from the agency the amount of this account some $850,00.

The defendants claimed that the contract was not a contract to give an accurate statement as to the solvency of any firm but merely an undertaking to supply the best information they had at hand as to the mercantile standing and credit of firms throughout the country; they also contended that they had used due diligence and care in obtaining this information, and hence submitted that there was no cause of action against them.

The agreement between the parties was in these words: "The agency agrees to furnish to the best of its ability information of the mercantile standing and credit of merchants in the community wherein they respectively reside etc."

The report given by the agency was to the effect that Knight & Son was a house in good standing, doing a good business, and apparently the head house in its line, but that it had the reputation of investing too much in real estate which at times made them hard up in their regular business. The evidence disclosed that though they held considerable real estate it was incumbered to its full value, which fact was ascertainable by searching in the Recorder's office. The main particular in which it was contended by the plaintiffs that there had been negligence on the part of the defendants was in not making such a search.

The court decided that the extent of the obligation resting on the defendants could only be measured by the terms of the agreement into which they had entered. That the diligence here imposed on the defendants, was such diligence as would ordinarily be exercised by persons engaged in business of this sort. The Court being of opinion that this agreement was not sufficient to impose an obligation to make such searches as those referred to in the evidence, gave judgment for the defendants.

The subject is one as to which there has hitherto been an entire absence of decisions, and this case is valuable as tending to throw light on the rights and liabilities of Mercantile agencies. Meanwhile we await with interest the decision of our own Court of Appeal in McLean *vs* Dun lately argued before the court and judgment reserved. This judgment when given will no doubt contain such an exposition of the law involved as will satisfy the business community what the defendants are really liable for.

CUTTING RATES OF INSURANCE.

COMMUNICATED.

It is impossible not to wonder at the proceedings of some insurance companies of late in the way of writing policies at rates which are as sure to result in loss, as fires are sure sooner or later to occur. The officers of such companies, whether foreign or home, are most unworthy and unsafe custodians of the interests which, in all honour, they were appointed to protect. Everyone who has had experience in the business knows that fire insurance in its integrity is not a gambling transaction. It may, however, be made so, and to "under cut"—that is, to bid for business too low—is simply to rely on the possibility of a run of good luck, and, in fact, play against the odds.

Those companies undoubtedly occupy the strongest position which, after having paid a fair dividend to their shareholders, are able to exhibit not only an ample re-insurance fund, but a surplus besides. Such a position is most unlikely to be attained by the process of "under cutting." It must result from the sturdy resolve of its manager to take no risk at a less rate than its worth, to decline all doubtful applications, and, as far as possible, to avoid litigation. Where low rates and excessive competition prevail, bad risks are sure to creep into a company's books, and litigation, with all its odium and expense, will inevitably follow. When so many new companies are being started throughout Canada, it cannot be too strongly impressed upon the managers, that their first duty is to adopt *a sound basis* upon which to do business; and that if they sell fire insurance at a lower rate than the *honest* trader therein, failure will be the result.

That unremunerative rates are here and there accepted in Canada, at times and in in places in which the struggle for business intensifies, no