

reduction of our fire losses, much good would result. With many people it is a matter of carelessness or indifference. If they could be shown that the greater the fire loss, the greater their own loss and that the question was of national importance, much good would be effected.

For the first five months of the present year our fire loss amounted to over \$11,250,000., as compared with \$10,507,000. for the corresponding period last year. During the first five months of the present year, 101 people in Canada lost their lives through fires, as compared with eighty-five deaths from fire during the same period in 1912. The figures in regard to fire losses and death from fires follow:—

	1913.	1912.
January	\$3,913,385.00	\$3,002,650.00
February	2,037,386.00	1,640,153.00
March	1,710,756.00	2,261,414.00
April	1,470,622.00	1,355,055.00
May	2,123,868.00	2,251,815.00

DEATHS FROM FIRE.

	1913.	1912.
January	14	27
February	21	11
March	22	24
April	11	15
May	33	18

The above figures are startling in their magnitude. The \$2,000,000.00 a month which we burn up comes down to \$41.50 per hour, or over \$7.00 per minute. This is an economic waste, which is little short of disgraceful. A phase of the question is now being taken up by the Conservation Commission. This Commission, while deploring the actual destruction of property, is at the same time sounding a note of warning in regard to the conservation of our forests. They show that three times as much timber is being destroyed as is cut for commercial purposes, and are pointing out that unless this extravagant habit is brought to an end, that Canada's timber resources will be endangered and the whole prosperity of the nation threatened. They show that the prosperity of a country, the fertility of its soil, and the navigability of its rivers, depend upon the preservation of its forests. If Canada allows her forests to be burned off, her soil will be washed away, her rivers will dry up, with a consequent loss of shipping and of power possibilities. This question of fire prevention is one of the biggest questions confronting Canadian business men at the present time.

REVIEW OF THE BOND MARKET

Spencer Trask & Co. in reviewing the Bond Market say in part:—

The half year now having been completed, a spirit of retrospection is timely. We have accordingly made a critical examination of the market position of ten high grade bonds of railroad companies operating in widely separated parts of our country, and have found that they have fallen in price to a point where they are now lower than at any time during the past fifteen years, with the exception of a short period in 1907, and then only to the extent of a small fraction. This is all the more noteworthy since the period in question represented the height of the panic of that year, when market values bore, absolutely no relation whatever to intrinsic merit, whereas now, with all our troubles, we are far removed from any such condition of stress.

The question consequently presents itself whether bonds whose margin of safety is beyond dispute have touched their low point, or if the decline which they have experienced so far, and which has been almost uninterrupted for the past four years, is to go still further before the climax is reached. This question goes to the heart and root of our present economic situation, and for that reason the answer, to be correct, must be based on a true appreciation of the forces and influences which

bear upon the subject. These forces are the condition of the investment market, the financial situation, and the business outlook.

As regards the investment market, it is no secret that both here and in Europe investment has been at low ebb for some time. This has not been due so much to a lack of investment funds, as to a lack of confidence produced on both sides of the ocean by a great strain on capital and by political unrest.

In both hemispheres the man with idle money has been suffering from pure satiety resulting from a long revel of new offerings—indeed, from such a bewilderment of fresh offerings, that at last Governments in Europe and financial powers here have had to call a halt in all but the most necessitous cases. By restricting new issues, old ones have a chance of becoming assimilated, and this process, if given sufficient time to become inevitably produce a healthier condition.

As regards the political phase of the subject, and as we pointed out in our last letter, the foreign investor, for all his hoarded gold, is not likely to part with his money until peace between the Allies has been definitely and finally concluded, and even after that long awaited event occurs, it may take time for courage to revive and show itself in a practical way. Here, one of the special causes of political unrest will soon be out of the way—the Tariff—while another, the Currency Reform Bill—is making considerable progress.

Coming to the financial situation, the indices are that the tendency is at last showing improvement, particularly in this country. For several years our industry had been working at such a rate that early in 1912 the relation of the supply of money and credit to the demand therefor began to show a decrease. This decrease in the proportion of supply to demand, reached a point a few months ago where something had to happen. This time the banks were forehanded, and particularly the New York banks, by curtailing their loans and increasing their liquid resources, have succeeded in materially improving and strengthening their position. That is a matter of special moment this year, as the outlook is that Europe will have its hands full financing its own needs at a time when our crops are calling heavily for cash.

Another factor of importance is the volume of bank clearings. It is recognized by authorities that about 90% of all transfers of money in the United States is made by bank checks; consequently as an index of industrial, commercial, and financial activity, bank clearings are an excellent guide, although in studying their volume, speculation in securities must not be lost sight of. An examination we have just completed of the records of bank clearings throughout the United States for the first six months of the year, indicates that they are keeping up pretty well in amount but are showing a decided tendency to fall off when considered in the light of the normal growth of the country—and that is the only fair form of comparison to our mind.

This question of bank clearings brings us directly to our third factor: the business situation. The remarks we have just made concerning bank clearings might with equal propriety have been made under the heading of business outlook, for the reason, as we have just explained, that clearings represent the broad trend of business. Continuing our examinations, we find that building operations are falling off, that commodity prices are showing a steady decline, that copper is weakening in price, that failures are somewhat above normal, and that a distinct hesitation has set in in the production of pig iron, which is considered one of the basic barometers of trade.

While these changes might be considered bear arguments, they are, as a matter of fact, all tending to right and correct what is generally conceded to be a tense credit situation, and therefore, rather than regret, we should welcome the liquidation from the view point of a broad constructive policy.