

men, by the mere fact that he is the representative of his own community or class, is, by implication, bound to do all he can for his own constituency. Now, the government acts according to the amount of pressure that can be brought to bear in connection with a particular issue; that is, according to the number of votes which that issue can command. Hence, the greater the number of votes which can be secured in favor of a bill the greater is the probability that such a measure will be enacted into law. It is evident, therefore, that one of the advantages of government ownership which we have explained rests upon a very slippery foundation; it is not by any means the needs of the various sections of the country that is the basis for their consideration by Parliament, but rather the influence that can be exerted by all the forces to which the legislature has to listen.

Let not the advocates of government ownership think that with all these transportation facilities in the hands of the government a "square deal" will be received by every locality; for he who realizes how the government does its business will be fully conversant that this much-desired equity would not be initiated or applied under the proposed control. Those sections which can bring forward the greatest pressure will get the "plums"; and other sections will be left without the means of conveyance and communication until they can exercise sufficient influence politically to compel recognition of their needs.

Increase in Employees.

Another phase of this political argument is that whenever governments have taken over railways from private control there has invariably been an increase in the number of employees who are given positions in the service. The necessity of giving these appointments so as to secure the largest number of votes is recognized by all parties. This would have a two-fold influence: in the first place, the large increase in the number of employees would soon be in a position to cause even their superiors to tremble before them; and in the second place, the large increase of expenditures in salaries and wages would soon be followed by the necessity of higher rates out of the proceeds of which to pay the larger pay-roll. In the event of failure to provide the higher rates, the management would have to call upon the government for greater appropriations of public funds to make up the deficits from revenue. But the political side of this issue can be easily seen when we note that with a greatly augmented force of government officials and employees the latter might be able to hold the balance of power between two parties and thus compel the payment of higher wages or the grant of shorter hours or other privileges.

(To be concluded.)

RAILWAYS WILL BE SUBJECT TO FIXING OF BOND TERMS

Strong opposition is promised in the House from the railway companies to the provision in the Consolidation Railway Act which would make the issue of railway bonds and securities dependent upon the consent of the Railway Commission, which would fix the terms, says an Ottawa despatch.

The companies maintain that such matters do not come properly within the scope of the commission's functions, and that its authority should not be so extended. The provision is a new and rather tentative one, and it will not be surprising if the opposition to it, which has influential support, resulted either in a variation or elimination of the clause.

Mr. Colin Fraser, Regina, has been appointed head of the farm loans department of the Saskatchewan government. He was formerly junior partner in the Toronto legal firm of Robinson, O'Brien and Gibson.

ISOLATE DEPARTMENTS, LESSEN FIRE RISK

Lower Rates and Continuity of Business Equalize Production Costs

BY HENRY LYE.

The isolation of departments in factories and wholesale establishments, was suggested by the writer, in articles appearing in *The Monetary Times* and other journals, many years ago. The recent occurrences in Peterborough and Belleville induce a repetition of the suggestion. Where all departments of an establishment are subject to the contingencies of one fire risk, the rate of premium for fire insurance must necessarily be based upon that part in which the greatest risk exists. If however, the different classes of risk be isolated, then each department bears its own classification and the highest rate pertains only to that in which the highest risk prevails. The first economy therefore is the decreased rate of premium in which there is decrease of risk.

There is unfairness on the part of manufacturers who claim mitigation from the highest rate, on the ground that their finished stock is in itself practically innocuous, and that their finishing processes present little danger of fire, whilst at the same time the greater risk may involve the destruction of the whole establishment.

Conservation of Business.

The second and perhaps the most important economy is the conservation of business and business connections.

If, in a foundry, the jappanning, the pattern room, the finishing room, the furnaces, etc., are isolated from each other, any one of them may be destroyed by fire without overwhelming business disaster. If you have the patterns you can use them or have them used temporarily in other buildings; if you have the finished stock you can so distribute it as to preserve your business connections and prevent loss to your retailing customers, but if the whole goes by the board, you default in deliveries, break your contracts, your customers order from rival factories, who may give such satisfaction as to prevent you from future orders. So it is in all manufacturing establishments, with, of course, variations of circumstances.

Again, the destruction of one department may not involve the loss of any employees, but a complete or serious loss may make it necessary to pay unproductive wages or lose valuable men whom it may be difficult to replace afterwards. There is serious injustice to your employees who may have built or bought homes or incurred obligations for furniture depending upon continuous employment for power of fulfilment, and who may lose all their previous payments, because they cannot continue to pay; there is also certain loss to all who have to seek work in distant places.

Decrease of Premiums.

There are contracts in which penalties are imposed for non-deliveries on the dates agreed upon; but if your contracts contain no such provision you are yet, in honour, bound to prevent disappointments and probable losses on the part of your customers.

If you isolate your departments you have additional expense of production, but, is it not well to bear this addition which is local and controllable and is offset by the decrease of premium for fire insurance and the assurance of continuance of business?

These matters affect insurance companies as well as the manufacturers; the insurance companies do not like to carry extremely large lines subject to one fire and the manufacturers, by lumping their risks, find difficulty in placing their insurances satisfactorily. A similar state of affairs exists in wholesale establishments in which bulk goods are foolishly kept subject to the greater risk pertaining to open stock.

May it not be that the comparatively small ratio of fire losses in Britain are in part due to the small offices in which business transactions are concluded and the better system of isolation, as compared with the displays for which this continent is rooted?

The head office of the McDonald Hydro-Electric Heating Company has been changed from Ottawa to Sudbury, Ont.