

ance official. But modest as these rates were, they appear to have been good enough to yield a substantial average profit.

"How comes it, then, that during the last half-century the rates have risen so enormously? Is the building construction of the present day inferior to that of fifty years ago? On the contrary, it is almost superfluous to say, we have made vast strides in the direction of improvement, looking at the question from any imaginable standpoint. At that time, low rooms were the rule; and fireproof construction, as we now understand the term, was unknown, the nearest approach to it being stone flags laid upon slender iron joists. Was the system of lighting safer in those days? No, even applied to such risks as cotton, woolen or paper mills, lighting by oil lamps or candles was often to be found, particularly in isolated country places. Were there equally effective fire brigades and appliances at the time referred to? It is needless to say that the reverse is true. Of fire brigades there was hardly one, even in the Metropolis, worthy of the name. The fire engine was in a comparatively crude stage; and with the exception of an occasional water bucket, private appliances were never dreamed of. Yet, despite the great advances which have been made in these various respects, rates have probably been at least doubled on an average; and, so far from increased profits resulting, the offices find it difficult to make both ends meet.

"Inquiry as to the causes which have produced so grave a contrast between the conditions prevailing now and those of the early fifties, is therefore both interesting and pertinent. These causes are various; each of them contributing its own quota to the aggregate result; but we do not propose to refer, in this article, to more than one or two. Generally speaking, competition is at the bottom of the mischief. We mean competition in the widest application of the word; competition, in fact, in every branch of trade, as well as competition amongst the fire insurance companies themselves. From the insurance point of view, the former has brought a host of evils in its train, amongst which may be specified a diminution of individual prosperity, and of individual honesty; increased rapidity of production, and the introduction of inferior, and often more inflammable, materials. Simultaneously, competition amongst the offices has probably quadrupled, and possibly much more than quadrupled, during the half-century; and for one company in existence fifty years ago there are now nearly three, notwithstanding many absorptions in recent years. The result has been an eager scramble, too often upon utterly unscrupulous lines, frustrating all attempts to place the business on a pursuant basis.

"The fifty years' retrospect, therefore, is by no means an agreeable one; and, if we were asked to predict the future on the basis of analogy, we should say that, during the next half-century—probably, indeed, long before its completion—fire insurance business would become deteriorated out of existence. Such would in theory be the logical outcome of persistence in the present downward movement. But, practically, such a collapse would be impossible, inasmuch as commercial interests, in this and other countries, could not dispense with fire insurance protection. Here, then, we find historical analogy valueless as a guide to the future, for any resemblance between the conditions of the past fifty years and those of the next fifty years is simply inconceivable.

If we draw the veil over the past, however, it may perhaps be possible to deduce from other premises some conclusions with regard to the future.

"One thing seems certain: nothing but practical unanimity can save the situation. So long as divided counsels prevail—and the remark applies specially to the United States—nothing remains for the companies but to reconcile themselves to the prospect of snatching an occasional profit, at times when chance, or the temporary discomfiture of malcontents, happens to favour them. In such circumstances, the outlook would, at the best, be discouraging; for, assuming moderately fat years and decidedly lean years to alternate, the process would tend, in the long run, to deplete the reserves or extinguish the dividends. There remains, however, the chance that some disaster, or succession of disasters, may occur, which, while it might weaken the strong companies, would make a clean sweep of the unreliable and discordant elements. That would be an event, which, we feel sure, would be secretly welcomed as a blessing in disguise by every fire underwriter who desires to see the business put upon a stable foundation. For the result would be the survival of the fittest; and a reasonable hope might be entertained that wise counsels would be followed by wise action. It may not be too audacious to expect, also, that the time may come when public opinion, both in this country and in America, may become sufficiently enlightened to recognize that blows aimed at the companies must inevitably recoil upon the insuring classes; that, in fact, there is a genuine community of interests between the public on the one hand and the companies on the other.

"We are inclined to add to these anticipations the belief that the fire insurance of the future will bear a more scientific complexion than that of the past. In this direction there is abundant room for improvement. True, the business is purely commercial—a mere question of £, s, d. But it goes without saying that, as a means of enabling managers to put dividends in the pockets of the shareholders, the aid of science cannot prudently be despised."

THE BUSINESS OUTLOOK.

The rumors which reach us from across the autumn seas of a great growing depression in certain lines of trade are not surprising. The available capital of European centres has been during the past few years largely absorbed in speculative enterprises, and we now appear to be entering upon an era of that extreme caution which usually precedes a period of depression. In discussing the business situation abroad, the New York "Commercial Bulletin" says that the cause of the apparent trouble in European money markets is not entirely traceable to political events, much as these may have contributed to intensify the pressure. Referring to over-production in manufactures, and the general condition of the loan markets, the "Bulletin" remarks:—

"The revival of industry in 1897 brought the usual phase of a large production of finished goods, which in itself is beginning to threaten a glut unless the mill wheels are stopped. In the meantime, the appearance of Russia in the loan market, drawing sev-