

the loss. The fire fiend works in very much the same way, whether it be consuming property worth hundreds of dollars or worth hundreds of thousands of dollars, and the lessons gained in one class may be applied with advantage to the other. In endeavouring to obtain information for the paper referred to, I drew up a form of conflagration report. These were tested when completed by those who were kind enough to furnish the information desired, the reports reaching me regarding conflagrations as far apart as London, England, and Melbourne, Australia, with several in the United States and Canada.

It certainly seems strange that the compilation of the records of the events which have been most disastrous to insurance interests should not until quite recently have been undertaken by any official insurance body; indeed, were it not for the researches of Mr. Walford as embodied in his cyclopaedia there would be practically no information available in regard to conflagrations except those which have occurred during the last few years. I take the liberty of expressing some criticism of the Conflagration Record issued by the National Board of Fire Underwriters, as some of the losses embraced seem not to be conflagrations, but merely the burning of an individual risk of large size. It would be well, I think, for us to be careful in our use of the word conflagration and apply it only to fires which have spread to a number of other buildings.

Of the importance of the careful study of the question and of the compilation of records of conflagrations as they occur, I am afraid to speak as strongly as I feel, but I hope I may have contributed something to the consideration of the subject, and that this meeting will determine that for the future the records shall be carefully maintained and arranged from year to year. I would suggest that the record should cover the origin of the original fire (which is not very important, however), the cause of the spread of that fire, or the factors that contributed towards promoting its spread, which latter are of the greatest importance.

The records should also show what, in the opinion of the observer at the time, was lacking which would if available have probably overcome the fire before it had broken bounds and become a conflagration. It might also be well for the association to consider the failures of fire brigades to cope with large fires, recognizing, of course, that when a fire has extended in area beyond even one acre, and making allowance for the short distance from a fire within which it is impossible for firemen to stand, that even one acre has a circumference of 1,000 feet, that if the fire extends to two acres it will have a circumference of nearly 2,000 feet, and that if a fire which has once broken bounds is to be handled successfully, there should be some provision by which a reserve force of firemen or of volunteer militia, or some disciplined organization should be quickly available, some body accustomed to act under orders of its officers, should be provided to be available when required to supplement the efforts of the ordinary fire brigade, which it must be recognized is able to cope only with a fire which does not spread beyond a third or fourth building of ordinary size.

UNITED STATES CURRENCY PROBLEMS.

Review and Summary of Paper by Fred. Rogers Fairchild, Ph.D., Instructor in Economics, Yale University.

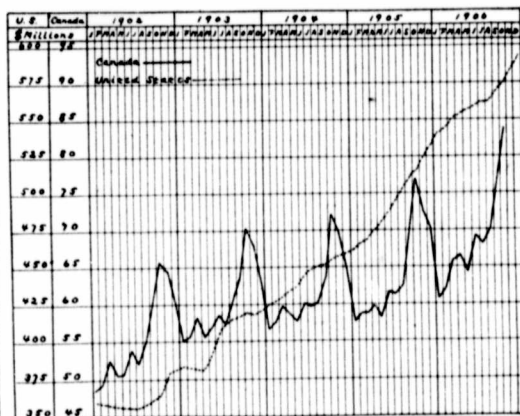
One of the most important qualities of a good monetary system, as axiomatically stated by the author of the paper, is that its volume should automatically correspond to the demand for a medium of exchange.

This demand is subject to wide fluctuations on account of the varying volume of business to be transacted. In addition to the extraordinary causes of business expansion or depression, there are the regular payments of salaries, bills, etc., coming usually on the first of each month, the quarterly payments of interest, dividends, etc., and most important of all in the United States, the regular seasonal changes involved in the harvesting and moving of the crops every fall and early winter.

The monetary system of the United States may be divided into three groups: gold and silver coin; gold and silver certificates; and credit money, the latter including the United States notes, the treasury notes of 1890, and the national bank notes. In round numbers we have in circulation about a billion dollars of each of these three kinds of money. Over long periods of time the volume of gold will correspond to the need for money, through the flow of gold from nation to nation and between use in the arts and use as coin. But for the monthly, quarterly, and seasonal changes, and in emergencies, some other element of the currency must be depended upon to furnish elasticity. This is the function of credit money. Neither of our kinds of credit money, however (leaving out of consideration the unimportant treasury notes of 1890) performs this function. The volume of United States notes is absolutely fixed by law. Indeed the government credit money has no good reason for existence, and our monetary system would be vastly improved by its elimination. This leaves the responsibility for furnishing elasticity upon the national bank notes. Their failure to perform this function is the root of our currency problem.

The inelasticity of our national bank circulation is a well-known fact. The accompanying diagram shows the

Circulation of United States National Banks and Chartered Banks of Canada.



circulation outstanding at the end of each month for the past five years. No further evidence on this point is necessary. The circulation of the chartered banks of Canada during the same period, shown also on the chart, offers a most significant comparison. This diagram is taken, with slight alterations, from Mr. Fowler's report on the currency bill before the House of Representatives last winter. Fifty-ninth Congress, Second session, House Report No. 5629.

Bank credit is issued in the two forms of notes and deposits. The latter furnish a circulating medium of almost