CAN FOREIGN EXCHANGE BE STABILIZED.

Much has been said in recent discussion of the necessity for bringing the European exchanges back to par, and of stabilizing them. Some have thought that if this were accomplished all the difficulties of trade with Europe would be straightened out. The best European comment on the situation, however, is of a different character. A distinguished Frenchman, for example, recently said: "It li not an exchange problem, it is a production problem," meaning thereby that France must increase her production, so that exports would balance imports. Others in Europe are emphasizing the necessity for straightening out financial conditions, and for rectifying currency disorders, as necessity preconditions to anything like normal conditions. The decline in sterling has been regarded by the best authorities in Britain as far from an unmixed evil. They have looked upon it as a means of checking their imports and of increasing their exports. Every decline in sterling makes foreign goods cost more in Britain, and British goods cheaper in foreign markets.

For the countries where internal currency depreciation has gone very far, as in France and Italy, it would be a positive disservice to try to bring the exchanges back to par, even assuming that it could be done. With currency depreciated internally the money cost of production in francs or lire is high. Wages are high and all other costs are high. If, in such a situation, French goods sold abroad for a dollar should, owing to arbitrary control of the exchanges rates, yield to the exporter only 5.18 francs, he could not possibly recoup his costs. If, on the other hand, the exchange rates are left to find their natural level, and the French exporter, selling goods for a dollar in America, is able to obtain nine francs or more for the dollar, he may be able to recoup his costs, and to make a profit. The lower the French exchanges go, the more difficult it becomes for foreign goods to compete in the French market, and the easier it becomes for the French exporter to compete in the foreign markets. The desirable thing is that exchange rates should fall to such a point that internal depreciation and external depreciation are in equilibrium.

How far the exchange rates will fall, when they will recover, how rapidly they will recover—these are questions to which no one can give confident answers. The answers will indeed vary from country to country. For some of the exchanges there may be no bottom at all. Thus, Mexican exchange, after the recent revolution, went lower and lower, until finally the paper money of Mexico was recognized by the government to be absolutely worthless, deprived of its legal tender quality, and ceased to circulate. A new gold standard was created in Mexico, based on the frank acceptance of the fact that the old paper money was no longer good. It is not at all impossible that something of this sort will happen to rouble exchange and Austrian crowns, and it is possible even in some other countries. In the case of Britain, on the other hand, which stands at the opposite extreme among recent belligerents, there are great resources; public finances are in sound condition; internal currency depreciation is relatively slight, and all that is needed to check the decline in exchange is that the labor problem be straightened out, so that exports may increase and imports decline. Sterling will go lower in the interval, but that sterling will ultimately improve, and ultimately go back to par, with the restoration of the gold standard, seems highly probable.

It is the general expectation that so long as the heavy excess of imports over exports continues for the European countries, their exchanges will go lower. On the other hand, there are some observers who express the opinion that much of this has already been discounted in the existing exchange rates by short selling, and that the demand from these short sellers themselves will take up the new supply of foreign exchange growing out of the exports for a considerable period. Other observers, however, maintain that the general tendency of speculation has been bullish rather than bearish. This view is strongly buttressed by statistical arguments: the long time loans to Europe in the past year fall far short of the balance of Europe's current debt to the outside world, and speculation of one kind or another must have absorbed the difference, either by buying exchange, or by letting balances accumulate in European banks, or by withholding exchange from the market, and allowing "open accounts" to run. There would thus be an enormous volume of exchange hanging over the market. Definite prediction is dangerous where so many uncertainties exist.—

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IMPORTANCE OF CONFLAGRATION HAZARD

Much is said about the conflagration hazard. It is a real proposition and no myth. It represents one of the greatest dangers to a fire insurance company. It is liable to come any time, like a thief in the night, without notice and with no mercy. It should be provided for in the rates and calls for a building up os the assets and especially the surplus of a company.

INSPECTION OF WIRING NECESSARY

In order better to safeguard homes and mercantile establishments and also to protect the lives of citizens, the Ohio State Fire Marshal has issued an order, effective October 15, requiring all companies in the state to make. or cause to be made, a sarisfactory inspection of electric wiring, to determine whether or not it is properly installed according to the requirements of the National Electrical Code, before making any connection of electric current for either light or power.—*Insurance World.*