

resources, there are such conditions existing as are not conducive to the good order and welfare of the city. It is a very unpleasant sight, and one calculated to give visitors an erroneous idea as to the social and economical situation in this city to see our street swarming with labourers out of work. There is a weak spot somewhere in our immigration laws.

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The Council of the Board of Trade of this city, after giving consideration to the report of the Inspector of the Canadian Fire Underwriters' Association on the local fire protection equipments decided upon the terms of a resolution to be drafted by the executive. The resolution of the Board of Trade Council will urge the adoption of the high pressure system as described and approved in the inspector's report. By the adoption of this plan the ordinary steam fire engines would be comparatively unnecessary, the cost of such enlargements and extensions of apparatus as are involved in the present system would be materially reduced, if not wholly avoided, and, in other respects, the adoption of the improvements suggested by the inspector's report would render the fire protection service of Montreal more adequate to the city's needs.

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The first shipping disaster of the season connected with the Canadian line occurred on 17th inst., when the *Hibernian*, one of the Allan line, went ashore at midnight at Stormy Point, 30 miles north of Cape Ray, at the entrance to the gulf of St. Lawrence. There were no passengers aboard, the vessel being laden with cattle, wheat, hay, cheese, flour, lumber, etc. The vessel valued at \$350,000 is insured in Glasgow. The shippers of cargo effected their insurance individually. The latest news is more favourable than first reports. It is probable that a quantity of the cargo will be saved, but every thing depends upon the weather.

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The Russel House, Ottawa, one of the best known hotels in Canada, was found to be in danger of destruction by fire early yesterday morning. Alarm was given to the guests, amongst whom were several Cabinet Ministers, Senators and other leading legislators and public men, all of whom escaped without injury. The fire was confined to the lower part of the building, the damage being estimated at \$3,000.

THE PROFIT DERIVED FROM ISSUING NOTES.

A correspondent asks:—

"In what way does it benefit a bank to issue bills? Do they actually 'make' money by their issue and how?"

These questions may be answered without entering into the currency question any deeper than the surface, but to discuss what is implied by the phrase "make money," would carry us down to its depths. The benefit derived by a bank from its note issues comes from and is measured by the net profit it de-

rives from the use of the funds provided by the notes it has issued. To the extent of the issue of its notes a bank adds so much capital to its resources, the net profit of which depends upon what has been charged for the use of such funds to the customer to whom they have been paid out, less the cost involved in the preparation of the notes, the expense of keeping account of them, and the sacrifice of profit on such reserves as are maintained and kept inactive, to enable the notes issued to be redeemed on demand. If the cash held by a bank to secure the instant payment of its notes when presented were of equal amount to those notes, no pecuniary benefit would be derived from such issues. What is the precise amount, or percentage of profit derived from note issues is a speculative question. Opinions differ upon it, no absolute rule can be stated as a standard, for, not only are some of the factors which are essential to an exact appraisal of the net profit from note issues quite indefinite, and too inextricably mixed to be traced with precise certainty, but they differ in the case of each bank. All banks, however, "make money," in the sense of deriving profit from their note issues, as the money represented by the notes is lent to customers at the current rates for loans. As the banks pay nothing for such money, as they do in the shape of interest for funds provided by deposits, and as they are expected to do in the shape of dividends for the funds provided as capital by the shareholders, therefore, the funds provided by note issues are a source of profit.

If our esteemed correspondent desires any further information on this, or a cognate subject, it will be a pleasure to answer his questions.

RECENT LEGAL DECISIONS.

MARINE INSURANCE, HOUSE BOAT.—According to a New York court, the waters of the Atlantic Ocean off Coney Island are not "inland waters" within the meaning of a policy of marine insurance on a house boat, expressly limiting the risk to loss or disaster occurring while the boat is within inland waters, although such waters are within the lines established by authority of Congress for the application of the statutory rules governing inland navigation. These lines are artificial, and established for a special purpose only. (*Fullon v. Insurance Company of North America*, 127 Federal Reporter 413).

LIFE INSURANCE, ASSIGNMENT OF POLICY MONIES.—The assignment of a fire insurance policy, after the loss has been adjusted, by an instrument reciting that the holder of the policy for valuable consideration sells transfers and sets over all his interest in the policy to the assignee with authority to collect the same, as the assignor might have done had he remained the owner, gives, according to a United States decision, to the assignee the proceeds of the policy as against the assured. (*Frels v. Little Black Farmers' Mutual Insurance Company*, 98 Northwestern Reporter 522).