

A tremendous increase has taken place in the national debt during the last ten years or so, and when to this is added the great growth of corporation loans, they are beginning to fear that before very long Britain may become one of the most heavily taxed countries in Europe.

Some of the municipalities find it increasingly difficult to borrow in the ordinary way, and are now advertising their desire to borrow direct from the public on mortgage and to receive loans subject to notice varying from a few days to six months, thus competing with the banks for deposits at interest. This proceeding tends to raise the rate of interest which, while no doubt beneficial to bank depositors, is hardly beneficial to the ratepayers, nor ultimately to the interests of trade.

Some people claim that this course of the corporations, in accepting loans direct, is drawing away money from the banks, but it is to be remembered that to a certain extent the money goes back, as a rule, to the banks, except that which is actually spent in the carrying on of the "reproductive" enterprises. At the same time, it must be admitted that individual banks may suffer and that there is a constant transference of deposits, which in itself is an evil. Some banks profit at the expense of other banks.

It may be argued that this borrowing on account of municipalities tends to stimulate production, and is thus good for trade. This is only true, however, provided the reproductive undertakings are carried on at a profit. But, asks the Economist, are they? If not, as undoubtedly some are not, the ratepayers will some day have to make good the deficit, when the increase in rates will reduce their profits, and also add to the number of unemployed during some cycle of depressed trade.

The position of these borrowing corporations is somewhat analogous to that of the "merchant bankers" of old days in England, who, when their credit received a blow, were seldom in a position to meet a determined run upon them by depositors, for the former do not consider it necessary to accumulate cash reserves.

Another side of the question is that the British credit system enables the merchant and small trader to borrow cheaply and discount his bills at reasonable rates. Were the municipalities, by their competition, to force up the deposit rate, it would be the depositors, not the banks, who would suffer, for the latter would simply add to the borrower's rate a percentage to equalize their profit to what it had been before competition compelled them to raise the interest on deposits. Dear capital means dear goods, and so the ratepayer is allowing the municipality to tax the ordinary borrower for the benefit of the lender and to increase the cost of commodities to the consumer.

FIRE-WASTE FROM A BRITISH STAND-POINT.

For years the subject of fire-waste has been brought, month after month, to the attention of readers of the Monetary Times. We have observed with pain the too general carelessness among the people on the subject of fire; the neglect of precautions against it; the persistence in habits of negligence that encouraged its extension; failure to procure appliances to combat it when it came, and a general dis-

regard of the conflagration hazard. We have endeavored, besides, to show Canadians how vast and increasing was the extent of this form of waste, which caused the absolute loss, in the United States and Canada, of from one hundred millions to one hundred and seventy-five millions of dollars every year for many years past. Our illustrations and arguments on this topic have in the main been based upon what occurred on the North American continent.

It is interesting, therefore, to find underwriters and economic observers elsewhere becoming aroused to the subject. The city of Glasgow has suffered of late from fires to an extent which caused the city council to look into their causes and to confer with the insurance companies about these scourges. And some weeks ago a paper was read before the Insurance Actuarial Society of Glasgow, the title of which was "Fire-Waste." The writer of this paper is Mr. James Allan Cook, general manager of the Scottish Union and National Insurance Company, Edinburgh. The lecturer began by remarking that fires consumed annually throughout the world not less than £50,000,000, that is to say \$250,000,000 of realized wealth. This figure excluded such special incidents as conflagrations and was a growing amount, year by year; indeed it was becoming so serious as to call aloud for the attention of every economist. Fire-waste, he affirmed, is a true loss to the community, and it is a fallacy to assume that it falls upon insurance companies. Fire-waste varied in its destructiveness in different countries and different cities, the lecturer went on. In America the average loss per head of a household per annum is about £2; in Glasgow, where it is probably about the highest in this country, the average is about 21s. per annum; in Manchester it is about four-fifths; Bristol, three-fourths; Edinburgh, Dublin, and Belfast, one-half; Leeds and Birmingham, one-third; and Sheffield, one-sixth of what it is in Glasgow.

Proceeding, then, to consider the principal underlying causes of the increase of fire-waste, Mr. Cook finds one of them to be culpable carelessness, under which head may be classed defective fireplaces and defective electric installations, and another and more serious one is the crowding together of large buildings in the centre of cities.

Mr. Cook further stated that the time had come when this subject should be taken up seriously by the national and city authorities, and that in endeavoring to saddle insurance companies with charges for fire protection municipalities were but fighting the shadow of the trouble, while the trouble itself grew and the community suffered. "It is no more the duty of a fire insurance company to pay for fire extinction than for a life insurance company to pay for drainage systems and a marine company to pay for lighthouses."

THE APRIL FIRE-WASTE.

It is good news that fire losses for April in the United States and Canada were so light. According to the records of the New York Journal of Commerce and Commercial Bulletin, they were \$11,901,350, which shows them to have been the lightest for years. They were double this amount in the previous April, and \$13,549,000 in April, 1903. The following table gives a comparison of the losses for the first four months of the year, and the same period in 1903 and 1904: