

world, and seems about to go into monastic life; but in two or three years he blossoms out again, having compromised with his creditors, that is, paid them nothing but regrets; and the only difference between the second chapter of prosperity and the first chapter of prosperity is that in his picture gallery now he has Raphaels and Murillos instead of Kensetts, and his horses go the mile twenty seconds sooner than their predecessors, and instead of one country seat he has three. I have watched, and I have noticed, that nine out of ten of the failures in what is called high life, leave men with more money after the failure than they had before, and that their failure is only a stratagem to get rid of the payment of honest debts and to put the world off the track while they introduce a more stupendous swindle. It is most appalling that such things are possible. I blame, first of all, directors of banks and boards having in charge great financial interests. It ought not to be possible for the president of a bank, or the cashier or any officer, to carry on a swindle in an institution year after year and year after year without detection. If a swindle go on one year, two years, three years, four years, in a moneyed institution, the directors must either have part in the infamy and pocket their share of the theft or they are guilty of a negligence for which God will hold them as responsible as he holds the acknowledged defrauder. What right have our large business men to allow their names to be advertised as directors, so that the unsophisticated put their money in the institution, or buy scrip thereof, when they, the directors, are doing nothing for the safety of the institution? It is a deception appalling and monstrous, and in the name of God and the right of men I denounce it. Many with small surplus and with money not needed for immediate use, but which will after a while be indispensable, have no friends capable of advising them, and in consequence they take the moral character of men advertised as directors. And there are people who say: "I don't know anything about these things, but there is a man who is on that board of directors, and there is a man, and there is a man, and I know they are all good men and prosperous business men, and they would not have anything to do with that which is dishonorable." When the bank goes over, then the small earnings and the fortunes of widows and orphans and the helpless aged go with the bank, and the directors stand with idiotic stare, and when the inquiry is made by the frenzied depositors and stockholders, and when community, outraged community, arraigns them, the directors say: "Oh, I thought it was all right; I didn't know there was anything wrong." They ought to have known. They stood in a position where they deluded the public with the idea that they did know, and that they were carefully observant of what was going on. Advertised as directors, they did not direct. They had all the account books open before them, and they could have audited the accounts for themselves, or they could have taken in some expert and had the whole thing explored and understood. There are, it seems, a great many business men who have a pride in being directors in a great many institutions, and they know nothing about some of these institutions, except whether they get their dividends or not, and their name is used as a decoy duck to get other people to come near enough to be made game of. It is needed that five thousand directors of banks and of insurance companies and of moneyed institutions to-morrow resign or attend to their business. Just as long as fraud is so easy in business life, there will be plenty of it. When you arrest the president of a bank and the cashier of a bank for embezzlement,

you want plenty of sheriffs out that day to arrest all the directors. They are all guilty either of neglect or of complicity, if an embezzlement be going on three or four years. "Oh," says some one, "you had better preach the gospel and let business men go." My reply is, "If your gospel does not inspire common honesty in dealings among men, the sooner you close up that gospel and throw it into the depths of the Atlantic ocean the better."

#### WATER POWER AND STEAM POWER.

Water-power, for sawmills, flour-mills and factories is no longer to the same extent, the cheap and desirable motor it was formerly considered to be. Relatively to steam, the use of water pressure as a means of driving machinery, has declined within a score or two of years, in a very marked way in this country as well as in the States. The reasons for the great advance of steam power are not far to seek. Water power is not as reliable as it was before the forests were thinned out or cleared away, while, owing to improvements in engines and boilers, steam power is now more reliable.

The relative decline in the amount of water-power utilized for business purposes, as compared with steam-power, is, says the *American Machinist*, a highly suggestive phenomenon in the industrial progress of the country. "This tendency is all the more suggestive by reason of the fact that no other country in the world is as well endowed with natural water power as the United States. Manufacturing enterprises usually seek water power in a new country, because of its cheapness and availability, but when all the valuable powers have been absorbed by those who are determined to get a steady revenue from them, neither of these two features of original desirability stand forth with much allurements. As water powers are improved they become more costly to the users; as steam power is improved it becomes less costly to the users."

In 1870 the census showed that there were more water wheels in use in the United States than steam engines, and that their horse power was almost as much as the total horse power of the engines. The census of 1880 showed more steam engines than water wheels, and a total power far in excess of the latter. The change is best shown in tabulated form, thus:

	Water Wheels.	Horse Power.	Engines.	Horse Power.	Total.
1860.....	55,404	1,225,379	56,483	2,185,458	3,410,837
1870.....	51,018	1,130,431	40,191	1,215,711	2,346,142
Pr. ct.					
of Inc.	8.60	8.40	40.54	79	45.38

During the four years since the census was taken, says the *Milling World*, the progress of steam power has been greater than in any other four years of American history. What a census would now show as the relative decline of water power to be, or what the next census will show it to be, can be imagined after a study of the above figures.

#### THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTH WEST.

In a recent issue we made a brief reference to the successful meeting held by this association. To-day we speak more fully of the various papers submitted to those present.

The first paper was read by Mr. J. B. Bennett, Commissioner for Indiana, on the amount now held by fire insurance companies in the United States, which he estimated at *eleven thousand millions of dollars*. The premiums collected by American companies amounted to *about one-fifth the revenue of the United States*, and the fire

losses to *three tenths of the same*. In fire insurance, the acquisition of profit appears to be a lost art—the margin being now dangerously near zero.

Mr. Bennett, Jr., of Hartford, manager of the Scottish Union and National, read a most interesting paper illustrative of the humorous side of the fire underwriters' daily life. The following quotation should be framed and presented to the insuring public.

"Any special, for example, who could invent a patent process for bringing an agent to heartily enjoy a cancellation, and the assured to appreciate an advance in rate, would become a richer man than Vanderbilt the first year; or some new process for producing a legislature who did not think insurance corporations fit and only subjects for plundering and hostile legislation, without any rights they are bound to respect; or a patent horoscope for finding the man who does not think his loss more than it is; to make the average insurer believe his risk is not the very best of its class in the town, and therefore entitled to a less rate than his neighbor's; or the average town or city that its fire department and future prospects are not at the head of all American towns and cities, and therefore entitled to the minimum rate; to invent some dynamite machine which will explode the most universal and popular theory of every city and town that, because they never had a large fire, they never will have, and therefore should not have their rates advanced to pay for those who do burn. As an illustration of this latter most desirable patent, we recently had two very remarkable coincidences. Just before the enormous conflagration at Savannah, by which half a square mile was burned, and 1,500 rendered homeless, the citizens had been holding indignation meetings to protect themselves against the advance in rates made by those incorporated ventures—the insurance companies. At Utica, the very day before their great \$300,000 fire, which burned up an entire block, the *Utica Observer* had a two column article on insurance rates, which was a grand prelude against the extortionate charges of insurance companies."

Mr. Bennett gives a few examples of forms of policies and the somewhat queer claims often made under them. The following among others are given: "A butcher who lost his bull-dog, suffocated with smoke, during a partial damage to his stock, made a claim for the animal as *stock in trade, raw, wrought, and in process*. A lady claimed for false teeth and a cork leg under the head of *wearing apparel*. Another who claimed the loss of a canary bird under the head of *musical instruments*."

Mr. Hine of the *Monitor* took for his subject "An Effort to Ascertain what the Matter is." This was probably the ablest and most practical paper which was read at this important meeting. He showed from carefully prepared tables, illustrated by diagrams, that the average percentage of fire losses from 1860 to 1883, both inclusive, was fifty-two cents loss for each \$100 written. It was shown that the percentage of surplus to capital in 1860 was 21.66, which in 1865 had decreased to 9.57; in 1870 it rose to 35.61 and wiped out of existence in the great fires of 1871-2, 9.68. Last year it was 65.37. The percentage of dividends in 1860 was 23.92. In 1883 it was only 10.65. During these years the average dividend was 12.67. Commission to agents was the only item that invariably increased from year to year. In 1865 it was only 11.25 and in 1883 it had reached 17.32. The strongest point made by Mr. Hine is the inadequate rates paid for term insurance, and the sooner it is abandoned by companies the better.

Several other important papers were read among which we may mention that of Mr. J. M. De Camp, of Ohio, on Local Boards and Printed Tariffs, Mr. W. F. Fox on Rates and the Co-insurance Clause, Milo E. Lawrence on Incendiarism, Mr. W. R. Freeman of Chicago, on Trees, Logs and Lumber. The Convention after a pleasant, and profitable meeting adjourned to die.