

make money when they charge six and seven per cent. for discounts and have got the rate for deposits away down." This desire for lessened rates of discount on mercantile paper is natural, and it will be in the long run to the advantage of the banks to recognize it. Our manufacturers and merchants cannot afford to be at a disadvantage in this respect compared with other countries. It may be said that competition will regulate this as it does other matters of business; and of a surety we have plenty of banking competition in Canada. But with other sources of a bank's profit so reduced as we have seen them of late through excessive competition, these institutions will naturally cling to present rates of discount just as long as their customers will stand them.

The money used in Canada for purposes of bank discount is very largely the deposits of the people. At the close of 1887 the chartered banks had \$113,261,000 of deposit money, while their own aggregate capital and reserve funds were only \$78,145,000. Similarly, at the close of 1897 the capitals and rests of the banks had increased to \$89,805,000 the deposits made with them had swelled to \$232,517,000—not far from three times as much. The savings of the people show, therefore, much more rapid growth than the capital of the banks themselves, and also a greater increase than the current loans and discounts of the banks. This tendency cannot go on without occasioning a reduction in rates of bank discount, and this tendency is indeed already felt. The general tendency of interest rates is downward, and the rate on deposits having once been reduced the discount rate must follow. But all classes of commercial men need not expect to get their discounts at the same rate. There is a great variety of transactions and there are many grades of commercial paper. Rates of discount must be expected to vary in accordance with the character of the paper offered.

PROTECTION FROM FIRE.

The business of fire underwriting has not proved an exception to the general demand of the public for something cheap. Manufacturers of textiles and various other goods have met this cry too often by lowering the quality of their merchandise, since this is the easiest way to lessen cost of production. But any attempt on the part of the underwriters to follow their example must strike a serious blow at the utility, or at all events at the reliability of fire insurance. Companies formed on such a basis as this have already brought discredit upon underwriting. The conclusion need not be drawn, however, that it is impossible to have lower rates of premium and at the same time maintain the security of the risk. Underwriters are recognizing that it is in their interests to take every means to reduce the fire hazard covered by their policies and then grant lower rates. The recent meeting of the National Fire Protection Association at Chicago shows clearly the good work being done by stock underwriters in the line of what is now called fire protection engineering. Among the subjects dealt with were chemical extinguishers, fire doors and shutters, acetylene, automatic sprinklers, fire hose and inspections. The reports of experts as to improvements in the construction of buildings designed to shut off fires in their early stages should prove of special value.

The president in his address outlined the work of the association thus: "The objects of this association are to promote the science and improve the methods of fire underwriting and to obtain and circulate information on this subject. It is not the purpose of this association to

consider the subjects of insurance rates or compensation to agents. Suspend all rates and all rating organizations and the purposes and value of this association would remain unimpaired." Efforts of this character are of national benefit. There is too often a disposition to consider that loss in connection with a fire means simply destruction not covered by insurance. Every citizen of a country is the loser by a fire which takes place in it. A part of the nation's wealth is destroyed which all should be interested in preserving. It may be said that in spite of the inequality of the distribution of this world's goods the welfare of the many has improved as the wealth of the nation has grown.

THE FAILURE LIST.

Both mercantile agencies report a decrease in the number and amount of mercantile failures in Canada during the first six months of this year as compared with the same period of 1897. Dun & Co. give the Canadian failures for the half year last past as 688 in number, with liabilities of \$4,886,529, and assets of \$3,795,734. This is about 80 per cent. less than the figures of the same firm for the first half of 1897. Bradstreets make the failures out to be more numerous and the obligations larger by some \$900,000, but their aggregate is also less than the 1897 half year by 24 per cent. Messrs. Dun & Co. give the figures for the three months just closed as follows:

	No.	Assets.	Liabilities
Ontario	130	\$486,565	\$640,038
Quebec	73	478,066	672,549
British Columbia	9	43,070	40,800
Nova Scotia	25	202,726	343,900
Manitoba	10	77,671	82,527
New Brunswick	18	141,948	165,648
Total	265	\$1,430,046	\$1,945,462
Add first quarter	423	2,365,688	2,941,067
Half year	688	\$3,795,734	\$4,886,529

The decline in failures during the second quarter of the year in comparison with the first, is very noticeable and very welcome. It is a sign of the improvement in business which is almost everywhere apparent. And the feeling of increased commercial confidence is unmistakable.

MODERN USES OF ELECTRICITY.

The increasing use of electricity in Canada for purposes which were unknown or untried but a very few years ago is one of the marked features of the present day. Much has been done in the treatment of this mysterious power to render it controllable and of genuine service to man. But much remains to be discovered; many speculations are yet to be tested by experiment; many experiments have yet to be repeated and advanced to the stage of actual usefulness. Comparisons of results attained by various inventors or experimenters are therefore likely to be of great service, as are comparisons of the economic results of different methods employed. It is this which lends importance to such gatherings as the convention of the Canadian Electrical Association at Montreal last week.

In his presidential address before that gathering Mr. Yule, of Guelph, dwelt upon what had been already achieved in electric lighting, in electric railway work, and in the electric transmission of power; as well as the work which has been done in extending the use and improving the service in the older branches of electric work, the telegraph and the telephone. He reminded his audience that while the provinces of Quebec and Ontario had been deprived of coal beds, the possibilities of electrical transmission have rendered available as a substitute to turn the