

foreshadowed years ago when the Morgan firm, New York, and banks in Germany undertook the conversion of the debt of Mexico. The entire debt consolidated amounted to \$114,000,000, at 5 per cent. interest payable in gold, which is secured by a lien upon the import and export duties and on the direct taxes of the city of Mexico and district. This arrangement necessitates an income payable in gold, which explains the new law requiring Customs duties to be paid in that metal. Mexico has been exporting silver, silver coin and silver ore at the average rate of from 55 to 67 millions of dollars yearly. The reduced value of silver must have had a serious effect upon the finances and trade of that country, just as a heavy fall in the selling price of wheat and dairy products would have upon Canada. Silver is fast tending to become "a drug" in the market, though its beauty will always cause it to be largely used in manufactures. The "Statist," however, thinks that silver will increase in value this year "because the stringency in the American money market will presently come to an end. No connection exists between the alleged cause and effect in this matter.

THE INSPECTION OF RISKS SPECIFICALLY RATED.

It is obvious that, as fire risks are more and more divided and sub divided into classes under a system of specific rating, there must be more thorough inspection of risks, not only before the contracts are entered into, but at regular intervals during their continuance. The whole principle underlying specific rating is discrimination of each risk according to its conditions, so that the rate of premium shall, as far as possible, bear an equitable relation to the nature of the risk. When a risk is first written the rate will be based upon the conditions of the property insured as passed upon by an inspector; it will be classified as being of a certain standard. But those conditions may be changed during the life of the policy so materially as to put the risk down to a much lower standard and so render the rate being paid as inadequate. If, however, the insured property owner is given distinctly to understand that he will be required to keep his property up to the standard originally fixed, he will exercise care in avoiding such changes as depreciate the risk. The only way to keep properties, after being insured, up to the standard at which they were first rated is to subject them to regular inspection, the time, however, of the inspector's visit being kept a secret from the insured, just as the time of the visits of a Bank Inspector are never known to the offices he visits. Were property owners to realize that at any time an

inspector may step in to examine premises in order to see that they are kept up to a standard as fire risks, they would be more careful in regard to precautions against fire and would take a lively interest in the efficiency of the local fire protection being maintained.

The introduction into fire policies of a warranty intended to bind the insured to keeping his premises in a certain condition as to cleanliness and freedom from specified danger, is a question in which much may be said for and against, but the great variety of points requisite to be covered by a warranty to render it affectual in all cases, presents a practical difficulty in carrying out this plan.

The original inspection fixes the standard, and therefore the rate and the systematic visits of an inspector being looked for by an insured property owner will keep him on the alert to have the standard maintained, as if it is not, he will know that he will have his policy cancelled, and if renewed it will be at a higher rate. Thorough, systematic, regular inspection of risks is therefore of mutual advantage to the underwriting company and to its policy-holders.

DECEMBER BANK STATEMENT.

Unprecedented increases in 1902; circulation near its limit; large additions to deposits; increase of discounts in Canada over 10 per cent; heaviest rise and fall in circulation on record.

The bank record of 1902 in regard to the volume of business indicated by the monthly return for December, shows increases far exceeding those of any previous year.

The following shows the total amount of the leading items in the bank returns for December in each of the last eight years; also the increases in each year from 1896 to 1902:—

PRINCIPAL ITEMS IN BANK RETURNS, DECEMBER, 1895 TO 1902.

Years.	Circulation.	Deposits.	Discounts.	Call loans.
	\$	\$	\$	\$
1902.....	60,574,144	407,307,707	357,010,326	95,089,944
1901.....	54,372,700	367,095,500	321,319,200	82,915,500
1900.....	50,758,246	318,358,800	295,726,200	61,216,200
1899.....	45,999,700	273,233,800	366,678,601	32,435,400
1898.....	40,258,381	218,572,100	229,900,000	26,532,000
1897.....	37,995,123	222,062,200	205,931,000	19,859,800
1896.....	33,095,800	196,630,000	210,522,000	14,030,950
1895.....	32,565,179	187,119,574	202,088,259	17,089,307
INCREASES IN YEARS 1896 TO 1902.				
1902 over 1901.	6,201,444	40,212,207	35,691,126	12,174,044
1901 over 1900.	3,614,454	48,736,700	25,593,000	21,699,700
1900 over 1899.	4,758,546	45,125,000	29,047,599	28,780,800
1899 over 1898.	5,741,319	24,661,700	36,778,601	5,903,400
1898 over 1897.	1,263,258	26,569,900	23,969,000	6,672,200
1897 over 18'6.	4,839,323	25,372,200 d.	4,591,000	5,828,900
1896 over 1895.	530,605	9,509,650	8,433,815 d.	3,058,345
Increase of 1902 over 1895.	28,008,965	220,188,134	154,922,057	78,000,637