ing the market value or the purchasing power of the whole; and if the increase be large enough, the value will sink to the lowest point. This law is well understood because it has been often witnessed in operation. The increase, by artificial means, of any stock, with which the market is overburthened, must have the same effect. If you increase the number of persons who are offering an article for sale without increasing the means of purchasing, and if there be counterfeits of this article which you have no means of distinguishing from the real, the price must go down.

Selling short has, for the time, the same effect. The seller undertakes to deliver what he does not possess; and if the sales be heavy the price must fall, owing to the necessary limitation of the purchasing power. But selling short implies a day of reckoning; and then comes the compensation. Buyers become more numerous than sellers, for the time, and the price goes up artificially. When settlements are made without delivery, the upward pressure caused by a concourse of purchasers ceases. Settlement, in such cases, brings about an abatement of a part of an accruing demand; if delivery were insisted on, prices must continue to go up. This is the reverse of the medal, which is a fiction with two faces.

No form of inflation is so mischievous as that which absorbs large amounts in interest on imaginary transactions, because no one is so unlimited. The non-existing things to be bought and sold are co-extensive with the farthest flight of the imagination. The numbering of the shares dealt in would go far to make these supposititious purchases and loans impossible; and the incident suggests a grave doubt whether a mistake was not made when the legal requirement that bank shares should be transferred by number, was repealed.

CONFLAGRATIONS.

In 1877, seven years ago, as in 1870, seven years previously, we were obliged to devote many pages of THE MONETARY TIMES to this most dreadful subject. Each interval has witnessed great strides in the progress of the country and a decided increase in the wealth and numbers of our people, each one had seen the wheel of fortune move slowly and surely round; glimpses of prosperity leading to wild speculations and wilder collapses. The ever truthful lesson, has in each been taught that the wealth of a nation is only to be secured by steady labour and conserved by care and economy. Each interval has shewn the capabilities and weaknesses of the joint-stock system; its capabilities for good when the object sought was the combination of capital with intelligence for the attainment of moderate results by legitimate means, and its dangers when the combination of recklessness with credulity promised fortunes without labour by speculative arrangements.

We are not of the class which delights in having "told you so," nor of that of the accountant who reads every new prospectus with interest because that it promises him employment in winding up the company it announces. But none the less we feel it our duty to use our experience for the purpose of warning our people against needless follies and their inevitable results.

The recently prepared fire insurance tariffs of rates of premium has been based upon the general construction of the buildings of towns and cities, and upon their fire appliances and water supply. But they have stopped short of perfection in that they have not offered inducements for individual improvements as well as for general use. Consequently, unless an individual proprietor could influence the municipal government to improve the building ordinances or preventive measures, he had no hope for any mitigation of his own insurance tax. "Everybody's business" has had its usual inattention, and we have not seen that general improvement in the erection and arrangement of buildings which the intelligence of the people would have justified us in expecting. Our Underwriters' Association has done much, but we shall be glad to see it do more in the direction of increased strictness and the getting of adequate rates.

Time and experience will some day have taught our people that they cannot afford to build wooden buildings for business purposes. More time and more experience will convince them that they cannot afford to carry on business in such buildings, and that they cannot afford to sell goods to those who attempt it. The moving power to this conclusion must necessarily be on fire underwriters; but before they can impress these truths upon the people at large they must know the hazards, grade them, and justify their conclusions by the means of self-evident demonstrations.

As in the case of the factory which collapsed in Montreal, a few days ago, there are prudent underwriters who know and avoid the risks and localities in which extreme danger abounds; so, on the contrary, there are too many persons who have undertaken the responsibilities of fire underwriting without having the necessary knowledge and experience to distinguish between the various risks of the same class. Therefore, in order to bring down the business to their capacity, it has been found necessary to compile tariffs of rates which are general, or minimum, according to the class, instead of those which are specific or scheduled according to the actual hazard of the risk. This, too, whilst whole districts in every town and city and nearly the whole of every village, present hazards which threaten not only their immediate localities, but all their surroundings, with extinction, whenever a stray spark and a puff of wind, or the diabolic ingenuity of the incendiary so wills it.

It is vain to say that the common sense of the people is sufficient to protect them from extraordinary danger. Every newspaper announces the contrary and every man's private experience tells him that no one avoids the hazards which surround him. Therefore it is, that even when a man *commences* a building which he intends shall be as free as may be possible from the danger of fire, before he has *finished* it he has compromised with his conscience and his common sense, and has admitted dangers of whose presence and hazards he is fully aware. Hence we have *no* buildings so free from danger of fire as they ought to be. Hence it is that when a man—otherwise sensible—has finished a building which might be comparatively safe if left free from outside exposures, he first adds a lean-to for the purpose of storing empty boxes, barrels and crates, rats, cats, dogs, straw, paper, pipes, matches, &c., &c.; then he puts up a shed in which to store coal oil, and then a stable to be half filled with hay. In the meantime he has placed in front of his building a wooden cornice, a wooden sign and an inflammable awning!

Along comes a fire insurance agent. Does he say, "Ah, yes! Brick grocery store, one per cent., awnings, signs, and cornices, all inflammable, half per cent. extra; lean-to in rear filled with inflammables, two per cent. extra; coal oil shed exposure 1 per cent. extra; stable in rear ½ per cent. extra; total five per cent?" Oh, no, but he looks at his "minimum tariff," and says, "Brick grocery store, rate, one per cent.," ignoring all the extra and most hazardous dangers. Consequently the fire leprosy of this man spreads through the community; and so it is that in towns of thriving appearance, wide, clean streets, beautiful shade trees, intelligent men, handsome women and every other attraction, we see, in front of the stores, continuous lines of inflammable awnings, signs and cornices, and in the rears of the same stores, infernal regions ready to demonstrate their dreadful capabilities at a moment's notice. And, when that dire moment arrives the whole community is involved in one common ruin.

A man's habits and associates may be bad, he may be drunken and depraved, he may be diseased beyond remedy, and yet may live to an old age, but you do not catch the life underwriters overlooking all these probable causes of an early death. They teach him that social or moral or physical leprosy prevents him from insurance, and by this means they have assisted in the moral regeneration of civilization, whilst, at the same time, they have graded their rates, to meet cases where remedial measures promise favourable results. The same intelligent avoidance of accumulated hazards, and the same inducements to remedial measures by our fire underwriters, would assist in the decrease of the fire hazard of Canada, and would save to our people an average of more than a million dollars a year in premiums and losses, which, combined, form our most onerous and most unremunerative tax.

BANK MEETINGS.

A year ago, the following language was used in the report of the directors of the Canadian Bank of Commerce, in the face of their then very favorable exhibit: "Should the prosperity experienced in different branches of industry for some time past be followed by a period of depression, of which there are already some indications in financial circles, the wisdom of this policy (of safety rather than large profits) will then become more apparent." Possibly there were some bank directors, and even bankers, as there certainly were merchants and manufacturers, who at that time were rather dis-