

HOW FIRE LOSSES DESTROY WEALTH

Many people are still unable to see that loss by fire involves the destruction or annihilation of wealth. It is argued that as the insurance companies pay, there is no loss; sometimes even now the further argument is heard that as destroyed buildings have to be rebuilt and stocks replaced, fire losses have their advantages in being "good for trade." On this line of reasoning, the war would be the greatest economic blessing that had ever come in the world's history, for surely never before have certain trades been stimulated to such an extent as by the military activities of the combatant nations. But the exponents of the "good for trade" view in the case of fire losses would probably be a little chary of carrying their argument thus to its logical conclusion.

Buildings and merchandise in being have a tangible value. If they are destroyed by fire, that value is simply annihilated—it no longer exists. To the extent of the value of those buildings or goods the wealth of the whole community is lessened by their destruction; the accumulated stock, the employment of which in combination with labor, both mental and manual, enables more wealth to be produced, is reduced. The payment for a loss by fire insurance companies does not replace this lost wealth to the community although to a certain extent it does to the individual. For payment of fire losses means in effect merely a transfer of wealth for use in a particular purpose, which had it not been required for that purpose would have been used in some other way. This wealth does not magically appear from nowhere when a fire loss occurs; it is merely the aggregate of contributions for this particular purpose by the whole of the community and held by the insurance companies until required to replace losses. If the community had not to set aside these contributions for this particular purpose they would have the wealth available to employ in some other direction. It would, in brief, be available for further production. Its use in some particular spot may temporarily stimulate trade in that spot just as the war is stimulating the armaments business, but to argue from this that therefore the whole community benefits is to refuse to see beyond the limits of one's nose. Wealth destroyed by fire has gone for ever, and no alchemy can replace it.

Each of the three recent large conflagrations at Paris, Tex., Augusta, Ga., and Nashville, Tenn., was spread by blazing shingles lodging on shingle roofs.

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A license has been issued by the Dominion Insurance Department to the Hartford Fire Insurance Company to transact the business of Explosion Insurance.

A LARGE CHEQUE.

In connection with the settlements arising from the flotation of the Dominion Government's \$75 million loan in New York, J. P. Morgan & Co. drew this week a cheque for approximately \$71 millions on the National Bank of Commerce and in favor of the Bank of Montreal, the Dominion Government's fiscal agents. This cheque is said to be the largest that has ever passed through the New York Clearing House.

The cheque was deposited by the Bank of Montreal with the National City Bank. The effect of this transaction is to correspondingly increase, for the time being, the deposits of the Dominion Government with the Bank of Montreal and that institution's New York balances. A considerable portion of these funds will no doubt be transferred to Canada at an early date.

Taking into account only fires in which the damage amounted to £1,000 or more, the fire loss for the United Kingdom during February is reported by the London Times as £187,000, compared with £229,800 in January and £361,000 in February, 1915.

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The extent of the rise in the price of commodities in Great Britain during the war may be judged from the fact that compared with what it was before the war, the purchasing power of the sovereign is estimated as at present only equivalent to fourteen shillings. Possibly, after the war, the purchasing power will have decreased to ten shillings, *i.e.*, by 50 per cent., compared with the pre-war period.

The Standard Bank of CANADA

QUARTERLY DIVIDEND NOTICE No. 102

NOTICE is hereby given that a Dividend at the rate of THIRTEEN per cent. per annum upon the Capital Stock of this Bank has this day been declared for the quarter ending 29th April, 1916, and that the same will be payable at the Head Office in this City, and at its branches on and after Monday, the 1st day of May, 1916, to Shareholders of record of 21st April, 1916.

By Order of the Board,

GEO. P. SCHOLFIELD,
General Manager.

Toronto, March 28th, 1916.