

and all in the midst of prosperous times. That there are causes behind these again has become clear. The enormous capitalizations of the companies brought into existence, during the past two years, in the United States, have been only in part absorbed by the public, as yet, and have thus been added to the already large supply of other stocks and bonds floating round Wall street, sensitive to every rumor. The overcapitalization of so many of the larger companies is a very weak spot, and the public has apparently failed to absorb their securities, at any rate, without great shading in prices. A very recent instance of overcapitalization is the San Francisco street railway, where, with 235 miles of tracks, the capital has been placed at \$60,000,000, of which \$35,000,000 are in bonds, and \$15,000,000 in preferred stock, and we are asked to buy the \$10,000,000 of common stock as a safe investment. Further, an illustration of the large supply of stocks already on the market, was seen on the 14th inst., when 371,000 shares of three railway stocks were sold in a single day. When great blocks of such shares and bonds are placed on a holding off market in a time of continuous stringency, it is not difficult to see what the result must necessarily be. Presently these new issues form a great load on the banks and syndicates which are carrying them, and have aided largely in stretching the loaning powers of the banks to their present extreme limits. This overcapitalization is a warning to us. We can already lay our fingers on corporations in Canada which have this weak spot.

Toronto, 19th November, 1902.

A. T. DRUMMOND.

#### AMERICAN CURRENCY IN CANADA.

Editor Monetary Times:

SIR,—While the subject of the circulation of bank notes in Canada is under discussion would it not be a favorable time to endeavor to ascertain to what extent American currency circulates in Canada, and especially the total amount that may be held by the different banks throughout the Dominion on any particular date? I rather think the total thus held would be a surprise to many bankers, particularly in view of the drastic means taken by our neighbors across the line to prevent the circulation of Canadian notes in the United States. The American silver nuisance might also fitly be made a subject of enquiry by the Canadian bankers association with a view of devising some remedy to get rid of it.

NOVA SCOTIA.

Union Bank of Halifax, Annapolis, N.S., Nov. 10.

#### LIEUT.-COL. DENISON ON GREAT BRITAIN'S BALANCE OF TRADE.

Editor, Monetary Times,—

SIR,—At the banquet recently given in honor of Colonel Denison by the National Club, the Colonel tried very hard to prove that "Great Britain was fighting with her hands tied behind her back, and the other nations were pounding the life out of her every day." The principal argument with the Colonel was his theory of the "Balance of Trade." He contended that because Great Britain's imports were £413,000,000, and her exports £252,000,000, she consequently had an adverse balance of trade against her of £161,000,000. The Colonel might have gone a little further at this point and explained, that in consequence of Great Britain being the largest creditor country in the world, her excess imports might not represent an adverse balance, in the sense of being a detriment or hindrance to her general trade, as Great Britain's favorable economic condition remains unimpaired.

It is a well-known fact that Great Britain's imports have exceeded her exports for years, and if Colonel Denison's contention was correct, her trade would have been ruined long ago. It might be pertinent to ask, has the British nation in consequence of its excessively large imports been compelled to export its debentures, mortgages or bonds, or has it even had to encroach upon its legal gold reserves in paying for its excess imports? Statistics prove that she has not been forced to export her real property securities, nor

gold to such a degree that would bring her reserves below what is legally required; therefore it is contended the excess of imports over exports with Great Britain does not represent an adverse balance of trade. Great Britain has proved herself well able to pay for her large excess imports; she has not in any way impaired her financial status by making these payments, which indicates clearly that she has paid for the excess from her earnings, and has not had to encroach upon her capital to do so.

An adverse balance of trade is a balance that affects the internal trade of a country adversely, by compelling the country to export the gold reserves of its banks, and also to export its real property securities and bonds. Through these causes the securities of the banks are impaired, thus creating an abnormal rate of interest, and therefore lessening the circulation of currency. These are the causes that make the financial condition of a country adverse to prosperity. This is always the result to a debtor country when imports exceed exports, but with a creditor country like Great Britain, there may be no evil effects, and it is proof positive there are no evil effects when the rate of interest in the open market in London for time loans remains lower and steadier than in any other country. Great Britain has little to fear from the competition of other nations, so long as her economic condition is favorable.

10th November, 1902.

BUSINESS.

#### A COMING OF AGE.

The promoters of the Canadian Preference League, we venture to think, are neither poets nor consciously philosophers. If they had been either, their circular would have bristled with appropriate poetic quotations, as for example, from Scott:

Breathes there the man with soul so dead  
Who never to himself hath said  
This is my own, my native land!

Or from dear Oliver Goldsmith, in the Traveller, if we do not mistake:

Such is the patriot's boast, where'er we roam,  
His first, best country ever is at home.

And if long-winded scholiasts they might easily have commended the patriotic objects of the league by citations from Bacon and Burke in a former age or from Hamilton and Mill in a later. Happily, as we think, they have done neither, but being business men they state its objects in business-like English. First of its attractions—no membership fee is asked. Second—either man or woman, boy or girl, may join. The object of members is "to give preference, when making purchases, to the products of this country and to all articles of Canadian manufacture, when the quality is equal and the cost not in excess of that of similar foreign products or manufactured articles. I also undertake to give preference to Canadian labor and to this country's educational and financial institutions." This is another way of saying, and acting, "Canada First," and we hope the League may not be long in securing the 100,000 members they desire.

It chanced that the same mail which brought the circular of the league to this office brought also two small packages which bear a peculiar significance in this very connection. One contained a sample, in a phial, of native port wine, "made in Canada," 1902, by the Ontario Native Wine Agency; the other a sample in a box, of white lustrous granulated sugar, "the first ever made in Canada from sugar beets grown in Canada," by the Ontario Sugar Company, limited, at Berlin. But we see that Wallaceburg factory also claims first sugar. Now, although wine is not a new product of Canada, and while beet sugar was made at Berthier, in the province of Quebec, twenty years ago, Canadians are recognizing now, as they did not formerly, that their own country as a producer and manufacturer deserves support, for she is offering many natural and manufactured products equal to any in the world. And the sort of object-lesson which the Berlin refinery offers in the shape of a box of beautiful saccharine crystals is an effective as well as ingenious illustration of the fact that Canada can grow and make many things which the world does