

✱ LEGISLATING ON FUTURES.

With the aid of Boards of Trade and Grain Exchanges a fairly successful effort has been made within the past two years to wipe out bucket shops and other barnacle institutions, which cling around the speculative elements of trade, and with the success which has attended this effort comes a desire for legislative prohibition of gambling contracts in connection with such Boards and Exchanges. Of course in assailing the business done on Boards of Trade and grain exchanges, a crusade has been commenced against a far stronger power than the bucket shops were, and the chances of success are much more dubious, although there can be little if any doubt but a large proportion of the so-called trading on such institutions as the Chicago Board of Trade are just as much gambling, as were the "freeze-out" contracts handed into and accepted by keepers of bucket shops. If therefore the legislative power, of compelling such institutions, to reform their own system of trading, so as to exclude gambling, could be secured, the key to how to overcome the difficulty would be found. Unfortunately such institutions hold too much influence at Ottawa or Washington for such repressive legislation against them to be easily secured, and if it could be secured, there are some of them on which it would be powerless, as the speculative portion of the membership is far in excess of that dependant on legitimate trading, and consequently powerless to enforce a reform objectionable to a majority of their members.

But one of the greatest obstacles to legislation against gambling contracts is the fact, that bills intended for that purpose have so far been the hobbies of individual legislators, and have invariably been framed more with a view of catching the vote of the masses, and particularly of the masses of farmers, than of abolishing or restricting the evils complained of. Senator Butterworth for instance is accustomed to pose as a farmer's friend, and he is really more entitled to the credit of being such, than are most the great horde of demagogues who howl loudly over the wrongs and oppressions of the honest granger. Still in a bill which he has brought before the United States Senate he shows unmistakable signs of pandering to the granger power. The bill is intended to prevent dealing in futures in connection with all kinds of grain, farm products, and the provisions in favor of the farmer, (who by the way likes to have his own deal in futures on a small scale), are as follows:—

"The word 'futures' shall be understood to mean any contract or agreement whereby a party agrees to buy, or agrees to sell and deliver, at a future time to another, any of the articles mentioned in section three of this act, when at the time of making such contract or agreement the party so agreeing to make such delivery is not at the time of making the same the owner of the article so contracted and agreed to be delivered: Provided, however, that this act shall not apply to any contracts or agreements for the future delivery of any of the said articles made with the United States, or any state, county or municipality, or with the duly authorized officers or agents thereof, nor to the contracts or agreements made by farmers for the sale and delivery of the articles aforesaid which are in actual course of produc-

tion by such farmers at the time of making such contracts or agreement.

We cannot furnish a more terse criticism of these provisions, than the following extract from the *American Elevator and Grain Trade*, a Chicago monthly publication:

"It is noticeable that the bill discriminates and allows the officers or agents of the Government to do what others are forbidden to do without paying a tax so heavy as to be prohibitive. The producer also is given the right to sell that which he has not, and which he may not be able to get, but the dealers and others must pay a tax to sell before they possess the actual stuff. If the farmer's crop proves a failure and grain goes up, he will have to pay the difference. If the price goes down he can buy and fill his contract.

It is right for the country dealer to buy from the farmer for future delivery grain which does not exist, but he must not sell it again, for that would be illegitimate speculation, gambling, and an act befitting a habitant of the gambling hells of Baden Baden or Monte Carlo."

It does not require much of a political or commercial economist to foresee, that such attempts at one-sided and demagogic legislation will never solve this difficult problem of how to prevent gambling contracts in connection with commodities traded in on exchanges. Legislation of that class requires not only to be ingeniously conceived and constructed, but also to be based upon justice and equality, otherwise it must utterly fail in accomplishing the object for which it is intended, and it will fail worst by its being a bugbear and nuisance to legitimate trade. The day is past when the king could do no wrong, and the state is the successor of the king. What is proclaimed a crime by one individual must be a crime by another, for in those Democratic crime like death must level all distinctions.

QUALIFICATIONS OF DIRECTORS.

A measure is to be introduced into the British Parliament this session as to the qualifications of joint stock company directors, the provisions of which are doubtless wise in some points, but truly amusing in others. One wise provision demands that a director of any company must furnish to the Registrar of Joint Stock companies a certificate from two members of an incorporated law society, that he has a complete practical knowledge of the law relating to public companies. Another provision calls for a certificate from two chartered accountants, that he is thoroughly posted in book-keeping, and the preparation and auditing accounts of such companies.

No business man can reasonably object to the enforcement of the two above provisions, in so far as their aim is concerned, but when a provision is inserted calling for a certificate from two medical practitioners, to the effect that the intended director is of sound mind and competent understanding, it does seem as if the framer of the bill was stretching a point to get in a thrust at the insane way in which many joint stock companies have been mismanaged in the past. If, however, the measure will have the effect of improving the management of joint stock companies, the framer may be pardoned for the introduction of a little sly irony, and success may be wished for a measure much needed.

It seems as if a little legislation as to joint stock companies is much wanted in Canada, not only as to the qualifications of directors, although that is very necessary, the stoical pigeon director being as much a nuisance here as in Great Britain, but also as to the powers of managers, their liabilities as managers and as individuals, and their moral responsibility for their companies, made in accordance with their judgement, knowledge and consent. If our law was a little more explicit upon these points there would be much greater safety to shareholders in stock companies, and there would be much less dangerous competition in branches of trade in which joint stock companies engage.

It has become common practice now a days to divide enterprises into two classes, one in which it is perfectly safe for individuals and firms to embark and risk their capital, i.e., speculation and chances of success in life, and another considered adventurous, if not dangerous, in which limited liability investments may be made, but which no prudent man should touch under any other circumstances. Even men of undoubted business rectitude view matters in this way, and talk of investments in joint stock concerns as money placed there without any moral responsibility behind it. It is easy to see how institutions of this class are liable to introduce a system of competition into the branch of trade in which they are launched, against which the individual or firm cannot carry on business without reaching ruin. The officers of a joint stock company may squander the resources of their company in ill-judged adventure, stupid mismanagement, or reckless and ruinous competition, and when a crash is reached and stockholders have lost their investments, the men who are responsible for all can walk out free from further financial liabilities, and in the ordinary business sense equally free from moral smirch. With the individual or firm it is totally different. Insolvency brought on by such causes means little short of ruin, and possibly with the present lack of insolvency law, to be reduced to something like a commercial vagabond for the balance of a life time. It can thus be seen what great risk the individual or firm goes under when entering into a business in which they have to compete with mismanaged joint stock companies.

There can be no doubt, but to compel the proper qualification of directors of joint stock companies would mitigate many of the evils above referred to. The figure-head director, who for a consideration gives his name and assent to a company's transactions, without taking the care or having the ability to properly scrutinize what he assents to, is the most dangerous man in connection with joint stock concerns, and legislation which would wipe him out of existence would be very beneficial, not only for such companies, but also for trade generally. Many a rascally swindle is perpetrated in connection with small joint stock concerns with the aid of a block-headed parson or two as directors, to cast an air of respectability and piety over the business; and when an exposure does come, such directors are pitied for their stupidity or possibly their knavery by their confiding flocks. We know of one such concern where with the aid of a plug parson, a worthless parasite managed to control a majority