

the conclusion that any such policy is in contemplation. Mr. Gladstone is reported to have expressed the opinion, when or where is not stated, that the colonies need to be taught a lesson not to do things which may involve themselves and the Empire in war. If such an opinion had been expressed publicly, the fact would be pertinent, and it must be based on some current facts which would be a secret for nobody. No such public expression has been made; the attributing of private expressions to public men is easy, and there are seldom any means of testing their accuracy, unless their alleged authors think proper to affirm or deny. If Mr. Gladstone has any such intention as is attributed to him, he would scarcely make the American newspaper correspondent his exclusive confidant.

Russia has given an official account of the captures of sealers in the western part of Behring Sea. It contains a general denial of harsh treatment of the captured sealers; while it admits that order among them had to be restored by force of arms, but alleges that this was only when they had become quarrelsome and insulted the Russian officers; otherwise, it is pretended, they were well treated. The alleged insults to the British flag are explained as having consisted in replacing it by the Russian flag on captured vessels. Six vessels, the account states, were captured at a distance not of 30 or 40 miles from Russian coast, as had been asserted, but from 18 to 20 miles; and even these distances were caused by the vessels sailing from the coast in their attempt to escape. "The captures were nearly all made outside the territorial water boundary," so the telegram from St. Petersburg reads. It is uncertain whether the admission is official or is a substitution from the official wording. If the former, Russia does not claim a territorial jurisdiction of 18 to 20 miles from the coast, which might be important; but it is more likely that the expression contains the telegrapher's way of expressing his opinion of the limits of the territorial jurisdiction. The whole truth about these captures will come out before long. Meanwhile, the accounts are conflicting and incomplete.

A "trans-continental" railway project, in which Mr. Henry Croft, M.P.P. for British Columbia, is taking a hand, is getting advertised by telegram. And we suspect that is about all. No new Canadian trans-continental railway is likely to be built for some time. Mr. Croft has gone to Chicago to ventilate his scheme: we do not hear of what he has done, but only what he is expected to do. A part of the scheme is to get \$3,200 a mile, \$3,344,000 from the Dominion Government. We do not know what authority there is for this assumption, but we shall be surprised if it turn out that there is any. The whole project is in the air, and no one can tell when it will come down to solid earth.

Negotiations for a commercial treaty affecting certain products of Canada and France are to be entered upon. Should they prove successful, Canada will be ad-

mitted to share the benefits of the minimum tariff of France, instead of the maximum tariff to which she is now subjected.

#### BANKING REVIEW.

Judging by the circulation returns of the banks, a condensation of which was given in last issue, it is probable that the various crops of the country are being marketed with some degree of rapidity. In spite of the low price of wheat, which is quite unprecedented, the greater number of farmers are bringing their crops to market. Both in Ontario and the North-West this movement has set in strongly; and a healthy movement it is. Experience shows, as we have demonstrated before, that farmers obtain better returns, on an average, by sending forward their crops to market in good season than by holding them for a possible rise in the future. The farmers of Canada lost enormous sums of money by holding over the crop of last year so long; for there is not only the direct loss to be considered, but the indirect, in the shape of interest, which, though generally overlooked, amounts to a large sum. However, the experience of last year is not likely to be thrown away. The crops are evidently coming to market this year in good time, and the circulation of the banks is moving out rapidly; so much so, that we believe the circulating powers of several of them are up to the full limit, and they are having recourse to the expedient of paying out the bills of banks with larger capital. All this would indicate that in spite of drawbacks the actual cash returns from our farmers are keeping well up to the average. If the price of cereals is low, the quantity is considerable; and if there is little of one article, there is more of another. Low prices for wheat are corrected by high prices for dairy products, and so the total average is kept up. There is but little need for jeremiads as to the condition of the farmers of Canada as a whole, even though the value of Ontario farms has gone down, and although some farmers are extravagant and others poor enough, owing to shiftlessness or drink. But the like is the case in the United States and every other country where farming is carried on. No one can visit any Ontario town or city on a market day without being struck by the amount of business being done and the respectable appearance of the farming people who throng the streets; the quantity and variety of their products, their horses, their wagons and buggies, all speak of general prosperity. Scores of farm horses may be seen in such markets worth from \$200 to \$500 each, and the principal trouble with many of such farmers is, not the want of money, but how to scheme and contrive to get the most interest for what they have on deposit with banks or loan companies. This is a kind of trouble which many would be very glad to share with farmers, if they could.

As might naturally be expected, therefore, there is a decidedly hopeful spirit prevailing in mercantile circles. The receipts from merchants' customers are generally good, bills are better paid, and there

is a reasonable margin of profit on most transactions. Manufacturers of cottons and woollens find orders coming forward well, in some cases in excess of their ability to fill them, and the demand for other lines of manufactured goods is generally active. Of course this state of things may quite consist with occasional failures. Failures in the best of times have taken place, so long as men are improvident, extravagant and careless in running their business; or if they go outside their business and make haste to be rich by some speculation or other. Bankers are well aware that men may fail in good times as well as bad times, and that it is always needful to keep an eye on the business methods of their debtors, especially to note any sign of going outside their proper occupation. In fact in these days money cannot be made out of business except by close watching, close economy in small details, taking every advantage of markets, and exercising uncommon sense and caution in dispensing credit. The old days have long gone by when any Tom, Dick, or Harry could make a living or make money by merchandizing; or that profits were so good that even a certain amount of extravagance and shiftlessness did not spoil them.

This however, by the way. We believe that there is a good year ahead for those who have the sense to profit by the conditions we are passing through.

There is, however, a good deal of not very wise competition still being practised, and in a style that is neither good for the seller nor the buyer. The remarks we made upon this head some time ago should, however, be sufficient. We have spoken our mind and we have good reason for what was said. It is for those concerned to take due note and act accordingly. A word to the wise should be sufficient.

The banks continue to have an adequate supply of funds to meet all legitimate demands, and they are well prepared to sustain the business community in carrying on the business of another year. Rates of interest are moderate on both sides, but if anything the banks are paying too much for the money deposited with them. When expenses and reserves are taken into account, there is little or no profit in paying  $3\frac{1}{2}$  per cent. for money and lending it at 6 per cent., quite apart from the risk, which is certainly not a light one, of making a loss by the loan. If the example of the London banks is cited to the contrary, and we are asked how they can make money by allowing depositors 1 per cent. under Bank of England rate, and lending at that rate or a small advance upon it, it is to be remembered that London bankers don't conduct all their business in that manner. They lend their spare funds on the stock exchange at Bank of England rate, but they lend a great deal at a higher rate. When the Bank of England rate is only 2 per cent. London bankers have millions of money out at 4 or 5 per cent. The rates are graded there according to the quality of transactions with vastly more accuracy than is ever attempted with us. There is a good deal of paper discounted by banks in Canada, which a London banker would not touch at any price.