

THE INSOLVENT BILL.

A Bill has been introduced in the Senate by Sir Alexander Campbell, respecting insolvent banks, insurance companies, and trading corporations, and it may be hoped that the great experience possessed by many of the Senators will be made available in dealing with this very important question. We have not yet seen a copy of the Bill, but we presume that the term "trading companies" is defined more precisely than in the Ottawa correspondence of a morning contemporary. It surely might be extended to trading mercantile houses, consisting of one or more partners, although we fear, from the reply made by the leader of the Government to a question put to him, that it is not contemplated to make provision for such cases. We shall watch the proceedings of the Senate on this Bill with interest, and we think it fortunate that it has been introduced in that House, which had to adjourn for want of business a few days ago.

THE PORT MOODY CONTRACT.

It is not surprising that the departmental decision by the Minister of Railways to award a contract for a large public work at a loss to the public of \$264,000 should have led to an acrimonious controversy in the press and in Parliament. It is unfortunate, in our humble judgment, that the defence set up should be, that the cheque sent in according to law, and which was on the head office of the Bank of Montreal, was marked "good for two days only." The tenders were opened on the 1st February, and if it was necessary to determine to whom the contract should be given on the 6th there was ample time to make the necessary inquiries from the bank. On the 6th the application was made for the first time, but not to the bank office, which had certified the cheque. It was of course impossible for the Ottawa manager of the Bank of Montreal to give any information on the subject without reference to Montreal, and this he undertook to do without delay, the Minister's Secretary actually franking the message. On the very day on which the application was made a satisfactory reply was given, and it is difficult to comprehend the object of making the inquiry, if it was not to be acted on. We have not failed to notice the elaborate defence of the Government made by one of its recognized organs. We admit that, under existing circumstances, the responsibility for the transaction rests on the entire Government, and not specially on the Minister of Railways, who, moreover, seems

to have followed the advice of the Chief Engineer, which is dated 6th February, several days after the tenders were opened. No reason is given for the delay in applying to the bank until the 6th, or for applying to the Ottawa agency instead of by telegram to the head office. It was quite proper to make the inquiry, but the mode of doing so is calculated to convey the impression that it was not made *bona fide*. The chief engineer's report, founded as it was, not on professional grounds, but solely on the assumed invalidity of a cheque, is not entitled to any special weight. The tenderers are not free from blame, for they must have seen when they sent the cheque, that it was marked in an unsatisfactory manner; but the department would have been in a better position had it at once, on opening the tenders, on 1st February, treated the cheque marked on 24th January as "good for two days only" as waste paper. The delay until the 6th, and then the application to the Ottawa agency of the bank, instead of to the head office on which the cheque was drawn, and the refusal to recognize the assurance of the bank that the cheque was good, are points which certainly have not yet been satisfactorily explained.

GOVERNMENT SAVINGS BANKS.

The statements in the public accounts of the Savings Banks deposits shew an enormous increase during the last fiscal year in each one of the various branches. On the 30th June the aggregate amount at the credit of depositors was \$15,836,672, and the interest paid during the year was \$508,778.66. We give the figures as we find them; and we notice that in his exhaustive criticism of the financial statement, Sir Richard Cartwright estimated the deposits at \$13,000,000, or nearly three millions less than what they are, and the interest \$600,000 or nearly a million more than was actually paid. Sir Richard Cartwright's criticism on this item is deserving of consideration. The Government is paying 4 per cent. to its depositors, while it has a large amount in the banks on call without interest, and a still larger amount at about 3 per cent. which, considering the reduced value of money, is quite as much as should be allowed on these deposits. The Savings Bank Department at Ottawa furnishes much more detailed information than is given regarding those in the Maritime Provinces and in British Columbia. The cost of management of the Post Office Savings Bank is little over one-third of one per cent. In the other offices the

Assistant Receiver General performs other duties, so that it is difficult to determine the precise cost of the management of the Savings Banks. The chief ground of Sir Richard Cartwright's complaint was the large amount of the Government deposits in the banks, which is probably largely due to abnormal circumstances, but it is reasonable to object to the high rate of interest allowed, when the banks generally refuse to pay more than 3 per cent. Notwithstanding the large deposits in the banks, the aggregate interest which they paid was less than \$100,000.

It is worthy of notice that the average amount at the credit of each depositor in the Government Savings Banks increased steadily from 1868 up to 1872, when it was \$147.04. It then decreased as steadily up to June, 1878, when it was \$107.87. Since that time it has increased in a greater ratio, having been \$113.14 in 1879, \$125.80 in 1880, and \$156.75 in 1881, that being higher than in any previous year. There is even a more marked increase in the number of depositors. During four years ending in 1877 the depositors were between 24,000 and 25,000; in 1878 they were over 25,000; and in 1881 nearly 40,000. It is, we think, to be regretted that the very interesting details furnished by the Savings Bank department at Ottawa, should be omitted in the statements from Nova Scotia and New Brunswick. These are immediately under the control of the Finance Department, and the usage has been, it may be presumed, to give only the information which is published. The importance of these institutions may be estimated from the fact that since the year 1877 the balances have more than doubled, having been in that year \$7,470,630.83, and in 1881 \$15,836,672. Nearly five millions of the withdrawals were for investments in 5 per cent. Dominion stock. It would seem unobjectionable that greater facilities should be given for the investment in Government securities in small amounts, a policy which has been recently adopted in England, and which has long prevailed in France. It cannot be denied that the increase in the Savings Banks deposits is indicative of the prosperity of the people.

ARGUMENT IN THE CASE OF THE GLOBE MUTUAL LIFE INSURANCE COMPANY.

Our readers will remember that we have noticed this case from time to time. Although there was little educed in the course of the arguments beyond what has already appeared in the *JOURNAL OF COMMERCE*, the result is of such importance to Canadian holders of policies of insurance in American companies that we need offer no excuse for referring to it again.