

The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXXII. No. 21

MONTREAL, MAY 24, 1912.

Single Copy 10c.
Annual Subscription \$3.00

MONTREAL'S PROPOSED MUNICIPAL SAVINGS BANK.

THE idea of allowing the City of Montreal to exercise the functions of a savings bank by paying four per cent. interest on small deposits of money to be used for municipal purposes is too absurd to be worth a moment's serious consideration. Carry out the scheme to its legitimate conclusion and every little village will have a municipal savings department and every town councillor will become a potential broker. There are plenty of legitimate savings banks in existence.

MONTREAL'S CHARTER.

THE City Council of Montreal has been discussing the question of a new city charter. The need of such a measure is generally acknowledged. Every year a committee of the Council undertakes to tinker up the present instrument with a lot of amendments; and every time the amendments come up in the Quebec Legislature somebody is there with further amendments designed to serve private and special interests. We need a charter that will last for ten years at least without any tinkering, and it will take a considerable amount of time, talk and work to prepare such an instrument. If the matter is to be dealt with at the next session of the Legislature, it is not a moment too soon to commence the work now.

THE UNITED STATES AND BRAZILIAN COFFEE VALORIZATION.

ONE of the most remarkable law suits ever entered has just been commenced by Attorney-General Wickersham, of the United States, against what is called the Brazilian Coffee Trust. The novelty of the action lies in the fact that it is directed against a foreign combination, outside the ordinary jurisdiction of the United States Government, which combination was originated by the joint action of the federal and some of the provincial legislatures and governments of Brazil in pursuance of the national policy of that South American republic for the protection of its chief industry. In the season of 1906 the Brazilian coffee crop was so heavy that the price which had for years been declared to be unremunerative to the

planters, fell to 6 1-4 cents a pound, and the Brazilian governments entered into an arrangement with a group of foreign capitalists (which arrangement was fully described in THE CHRONICLE at the time) to limit the production and export of coffee, with a view to keeping up the price. This was called Coffee Valorization. As a result the production fell from 23,814,000 bags in 1906-07 to 14,834,000 in 1907-08 and 14,524,000 in 1910-11. The price rose from 6 3-8 cents on July 1st, 1906-07, to 13 1-8 cents on July 1st, 1910-11. In only two of the last eight years has the production exceeded the consumption, the excess in those two years amounting to 8,296,250 bags. In three years the consumption exceeded the production by 7,407,020 bags.

Where the conflict of interest comes in between the two countries is, that while Brazil is overwhelmingly the chief coffee producer in the world, the United States is by far the heaviest consumer of coffee. About seventy per cent. of the whole coffee supply of the world is grown in Brazil.

That the United States Congress has a right to legislate upon combinations within the United States in restraint of trade or for the artificial stimulation of prices is obvious; but that the United States courts have a right to apply those laws to foreign combinations which are nurtured by the laws of the countries where they exist, and to which the governments of those countries are parties is a most astounding claim to put forward. To bring the matter within the effective jurisdiction of the United States, 950,000 bags of coffee valued at \$10,000,000, the property of the Brazilian Valorization Trust, now stored in the warehouses of some of the New York dock companies, have been seized.

If the contention of the United States Government is maintained by the courts, it does not leave much for foreign legislatures and governments to do in connection with the control of their own affairs. If the Brazilian Government's Coffee Valorization Trust is a violation of United States law and liable to be dealt with by the seizure of the property of the trust in the United States, then nearly every country on earth is an offender against United States law, and if it is rash enough to export goods to the United States, is liable to have its exports confiscated by the American courts. On the other hand any European government might, on the same principle, seize cotton grown in the United States on the ground of combination to raise prices.