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PACIFIC RAILWAY STOCK PLACED.

Two weeks ago, we stated that negotiations for the sale of $30,000,000 of the new stock of the Pacific Railway Company were far advanced. That amount has now been placed; one half of it in New York; the other half is divided among European capitalists, in Great Britain, Amsterdam and other places. The British capitalists who have subscribed are leading men, financially strong. The railway company is said to be satisfied with the result; their financial arrangements being now deemed adequate to their requirements. Besides the financial strength which the company receives, as an indirect result may be expected a reassuring effect in monetary circles generally. The statement has been made that the price received for the stock is 60, and we fancy that this cannot be far from the truth. Six hundred and one miles of track have been laid west of Winnipeg, and the construction of the Lake Superior section is being rapidly pushed.

FINANCIAL REVIEW, 1882.

There is a certain condition of the atmosphere, well known to navigators and observers of the seasons, which has received the significant appellation of a "*weather-breeder.*" The sky is cloudless. A perfect stillness pervades the air. There are no currents perceptible over the horizon. The weather, in fact, is too fine to last. And it is invariably followed by a breaking-up and a storm.

The year 1882, financially speaking, was a weather-breeder. It was a period of very great apparent prosperity. Business expanded rapidly. Our imports went on increasing in spite of heavy duties. And all our manufacturing industries were in a state of unexampled prosperity. The North-West received a large accession of population, and its great line of railway was pushed out to the westward over the prairies at a rate never heard of before, even on this continent. The city of Winnipeg nearly doubled its population; and if the assessment roll is a true indicator, it more than doubled the value of its property. It has expanded at a rate never known, even in the early days of Chicago.

The lumber interests of the Dominion had a year of remarkable success. So remarkable has been the rebound from the years of depression that these seem to have been forgotten. It was only towards the close of 1879 that the tide turned. Yet here in 1882 we have had a repetition of phenomena well known in the trade, viz.: a sudden recovery of high prices and exceptional profits, coupled with a rapid and extraordinary rise in the value of timbered lands. With all this, moreover, insolvencies during the greater part of the year were not dangerously numerous, and traders could count their profits as a rule without such disheartening drawbacks for losses as those with which they were familiar in years of misfortune.

Yet 1882 was a weather-breeder, nevertheless.

It was a year in which the foundations of much future trouble were surely laid. Credit, that potent factor of modern business, the abuse of which is the root of nearly all mercantile disaster, has again stretched itself out to unreasonable bounds. Sectional rivalries in trade have led to the offer of terms for business which are certain to bring difficulties in their train. Some years ago, well-directed efforts were made to assimilate the terms of business to those prevailing in the United States. There, exceptional circumstances led to the transaction of almost every description of business at one time on a cash basis. And after these had passed away, credit was established on such short terms as to bring about and necessitate a healthy condition of business. Canada, for a time, endeavored to follow in the same direction. But competition, and rivalry between trade centres, gradually broke down wholesome rules, and the year 1882 was distinguished by an outbreak of folly in the extension of credits such as had hardly been exhibited before. And it is getting worse.

Along with this there has been a great outbreak of speculation. The North-west with its boundless tracts of land, has been the tempting field over which speculation has roamed. Scores of joint-stock companies have been organized to buy these lands on a large scale, and millions of money have been subscribed for the purpose. It is easier to subscribe than to pay, as many are finding to their cost. And many of the companies have had only an ephemeral existence, and are already dead. But some are living, and are making calls, which calls are proving a serious drain on the resources of shareholders.

To pay these calls, each of which requires some $800,000, one of three things must be done: either money must be withdrawn from bank deposits, or money must be borrowed from banks (or from those who have money in banks), or money must be taken out of business which ought to be employed in it. Every one of these diminishes the stock of available money, and increases the stringency which has recently developed. The last of the three is the worst, and is likely to lead to mercantile embarrassment. Over and over again it has happened in Canada, that failures and embarrassments have arisen, not from losses in trade, but from losses or lock-ups in speculation. These things are now repeating themselves.

So then, though 1882 was a year of money making (so considered) and expansion and enterprise; it was a year in which the seeds of future difficulty were sown broadcast, of which, we remind our readers, the harvest is sure to be reaped some day. And as it is mainly in the west, and particularly in Toronto, where the expansion has been most apparent, so it will doubtless be in Toronto where the revulsion will mostly be felt. Like causes produce like effects, and unless a radical change in carrying on business and granting credit comes about; and unless the burden of speculative enterprises ceases to press heavily on the mercantile community, we may certainly look for something of the kind we have spoken of.

The following statement shows the figures of the leading items of the banking position at the end of December, 1881, and December, 1882. The figures of the banks of the different provinces are shown separately, and we are sure our readers will appreciate them:

DECEMBER, 1881.				
No.		Banks in Quebec.	Banks in Ontario.	Banks in Maritime Provinces.	Total.
1	Circulation	17,512,000	11,556,000	3,291,000	32,359,000
2	Deposits	56,289,000	39,137,000	8,635,000	104,061,000
3	Loans and Discounts	84,307,000	54,473,000	15,117,000	153,897,000
4	Cash and Foreign Balances—Net	27,[illegible]6,000	10,837,000	2,600,000	41,253,000

DECEMBER, 1882.					
No.		Banks in Quebec.	Banks in Ontario.	Banks in Maritime Provinces.	Total.
1	Circulation	19,071,000	13,356,000	4,075,000	36,502,000
2	Deposits	56,544,000	42,234,000	9,902,000	108,680,000
3	Loans and Discounts	97,861,000	65,731,000	18,310,000	181,902,000
4	Cash and Foreign Balances—Net	17,453,000	8,909,000	2,050,000	28,412,000

Several things are noticeable here:

1. While circulation and deposits have increased only $8,000,000, loans and discounts have increased $28,000,000. Capital, meanwhile, was nearly stationary.

2. While the liabilities of the banks have increased $8,000,000, their available resources have decreased $13,000,000.

Not a prudent style of banking it must be confessed.

As confirming our forecast, we have to call attention to the record of insolvencies. Nothing is better worth studying than this suggestive record, furnished by Dun, Wiman & Co., from year to year. In 1880 the total fell from $29,000,000 to $8,000,000. This was significant of improved business. In 1881 it was better still. The total then was $5,700,000, being the lowest for many years. It has now, however, begun to move up again. Insolvencies increased fifty per cent. in 1882 over 1881. The total was $8,500,000. The amount is not dangerous, but the movement is significant. So we are again upon the