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FINANCE AND INSURANCE REVIEW.

MONTREAL, APRIL 20, 1877.

THE LOAN.

The long-expected attack on Mr. Cartwright's late loan has at length been made, and the result has been that it was sustained by a strictly party vote, the division having been 60 to 111. There can be no doubt that, in view of the fact that the Opposition, through their leading organs in the press, and their speeches in Parliament during the debate on the Budget, had represented this loan as having been made on very disadvantageous terms, they were bound to make a definite motion on the subject. Mr. Gibbs was on this occasion selected to make the motion censuring the Minister, and, judging by the meagre reports of his speech that have as yet reached us, he does not appear to have fallen into the error of attacking the financial agents of the Dominion in London. We observe that in his reply Mr. Cartwright charged Mr. Gibbs with having challenged the honor and probity of the agents, and that Mr. Gibbs denied having done so. Whatever may have been said by Mr. Gibbs, there can be no doubt whatever that, both in various articles in the Opposition press, and in Dr. Tupper's former speech, the honor and probity of the agents was distinctly assailed. What mean the following words:

"He says they pressed him to fix the price. No doubt they did. Where are the brokers that would not want him to fix a price that would put a fortune in their pockets." Such was the language of Dr. Tupper, and it is consistent with all the utterances on the subject of the late loan that have emanated from the Opposition. We have already given our opinion very fully on this subject, and the debate has not elicited any new facts. The Opposition, should they succeed in the object of their aspirations and attain again to power, may find themselves seriously embarrassed by the amendment to which they have committed themselves as a party. The amendment can only be construed into a condemnation of the placing of the loan at a fixed price, instead of inviting tenders. Now, with all due deference to the wisdom of the House of Commons, we must affirm that this is a point on which they are wholly incapable of forming a correct judgment. It is clear that people who want to borrow money should, in their own interest, endeavour to meet the views of the lenders. It has been repeatedly shewn, and none of the speakers in the late debate attempted to deny it, that the usual course in placing loans on the London market is to issue them at a fixed price and not by tender. That the price fixed was a fair one cannot be successfully denied. It is easy for gentlemen in Canada to assert that if $\frac{1}{2}$ or 1 per cent. had been added, the loan would have been taken, but they never take into consideration the risk of failure, and the injury that failure would have inflicted on the Dominion. We venture to assert that, since the time when the first loan was negotiated, now nearly 50 years ago, successive Ministers have invariably been materially influenced by the advice given them by the financial agents. It is difficult, we must confess, to understand the views of the Opposition on this subject. Dr. Tupper asks, "Did he not know that Morton, Rose & Co. got some of this loan?" Mr. Cartwright—"I don't think they did." Dr. Tupper "The Minister of Finance did not think they did, but if the Hon. gentleman did not know, he (Dr. Tupper) knew it." Is the meaning of this, that it was wrong in Morton, Rose & Co. to subscribe for a portion of the loan at the price of issue? If not, what is the meaning of the reference to that house? We know nothing as to the fact, but we should be of opinion, that if Messrs. Morton, Rose & Co., did subscribe to the loan, they proved by doing so their confidence in our securities, and most assuredly ought not to be subjected to im-

putations or insinuations, such as we have noticed. With regard to the subscription to the loan by Messrs. Barings & Glyn, it is clear from the statement of the Minister of Finance that he urged those firms to subscribe, with the object of inspiring the public with confidence, and thus securing the full issue. Dr. Tupper sneers at the idea of the financial agents being induced by the Minister to subscribe to a loan against their own judgment. It is not pretended that it was against their judgment. The financial agents would not lend their names to an issue which in their judgment was discredited to public confidence, but it does not follow by any means that they desired to subscribe to the loan, or that they would have done so, except at the request of the Minister. Surely Dr. Tupper has heard of a case in which the very same houses were pressed to subscribe to the stock of the Grand Trunk Railroad, and actually did so, "against their own judgment." The fact was well known at the time, and the prospectus of that undertaking, after being printed, was delayed for some days, owing to the positive refusal of the late Mr. Thomas Baring to permit his name to appear as a Director. Houses that, in order to promote the interests of Canada, would allow themselves to be persuaded to take a large amount of stock in such an undertaking as the Grand Trunk Railway, would not be likely to hesitate about taking £500,000 of Canadian bonds issued by themselves. With regard to the price fixed we have seen nothing to convince us either that it was too low at the time or that the subsequent market prices indicate that a higher rate could have been got. At the latest dates the bonds could have been bought at about 92, making allowance for the current dividend. What the price would be if a large quantity were forced on the market we can easily imagine. The fact is the prices are kept up by those who have taken the loan, and who probably have still got a considerable amount of it on hand, as we learn from Mr. Cartwright's speech was the case with those who took the former loan. We believe that the discussion of this transaction in Canada, in the party spirit in which it has been taken up, will prove most injurious to the public interests, and have a prejudicial influence when future loans have to be brought on the market. It is, however, satisfactory that the Minister was sustained by so large a majority, and it may be hoped that, both in Canada and in England, the attack on the loan will be attributed to its real cause, a desire to lose no opportunity of assailing the administration.