

come. Let them talk with all sorts and conditions of men, examine every thing deemed of importance and judge for themselves whether or not Canada is going to ruin because of the repeal of the Reciprocity Treaty. By all means let them be met by frankness, and let them understand that there is no truth in the statements of Mr. Huntington or the *London Free Press*—that they are the arbiters of Canada's destiny. The agitation for the renewal of reciprocity has been mainly on the other side. We are not unaware of the advantage of reciprocity to this country, though its absence, as well expressed in the late Parliamentary debate, has also its uses, but we are neither to be dragged nor started into any arrangement which our rights may propose. The more sensible of Americans are aware of this, and there is an increasing likelihood that an arrangement may speedily be made which will be mutually advantageous.

Let the Canadian prophets of evil who are so anxious in season, and out of season, to go down on their knees to the Republic, and confess that, without help and patronage from the other side, they are nothing, take heart of grace and conclude from the present movements that after all, there may be something to be said on the other side, as well as on that on which they have harped so lugubriously, and that Canada has really not the slightest reason for begging pardon of everyone for the misfortune of being in existence, or for abjectly suing, as they have often recommended, *in forma pauperis*, to be allowed to trade on any terms, so that her miserable existence may thereby be prolonged."

INTERCOLONIAL RAILWAY LOAN

The publication by the Dominion government of the correspondence regarding the Intercolonial Railway loan, with the statement made by the Finance Minister at its close, with the order in Council, adopting his suggestions, has given rise to considerable comment. The first part of the paper is taken up with letters to and from the Colonial Secretary, the Duke of Buckingham and Chandos, regarding the route selected, and then follows the arrangements made with Messrs. Baring and Glyn, the Dominion Bankers, to place the Loan upon the Money market, with a statement of the offers made therefor. But it is none of these features of the document which has excited so much curiosity.

After the loan had been successfully negotiated, the Hon. Mr. Rose found himself in this position. He had at his credit in England \$6,200,000 which was drawing only 1 per cent interest, and there was due by the Dominion the amounts of \$5,860,333 composed of the following items:

Due Province of Ontario	\$500,000
" " on Subsidy	300,000
" Redemption of Debentures	857,000
" Bank Montreal, 30th September.....	1,000,000
" " 31st December.....	1,600,000
" Nova Scotia and New Brunswick.....	700,000
" Financial Agents London.....	973,333

Total

Most of this large sum was drawing from 6 to 7 per cent interest from the Dominion coffers, and Mr. Rose was only getting 1 per cent on his London deposits. Here was an opportunity to save interest and the Finance Minister, as in duty bound, applied himself to accomplish this end. He paid off what was due to our London Agents and the Local Governments, and opened correspondence with Mr. King, the Manager of the Bank of Montreal and the heaviest creditor, to know whether he would accept payment of the \$2,500,000 due that institution without waiting for its maturity and thus stop the interest. Mr. King replied, refusing to accede to this demand but offering if the Government deposited \$2,500,000 with the Bank, to allow them 4 per cent interest whilst their paper was maturing. This offer Mr. Rose accepted, apparently very well satisfied with the arrangement.

The Finance Minister now finds himself in this position. He has paid off all the Dominion floating liabilities, but he has done so with Intercolonial Railway money; and will that money be forthcoming again when it is required. That gentleman asserted that he fully expected to obtain it from debts due the Dominion, from monies he now received, the Insurance Companies, Savings Banks and other revenues; but to make certain that such a mishap as the Intercolonial money not being forthcoming at the proper time, he obtained promises from the London Bankers, that they would renew their Loan for £250,000 at 4 per cent, and from the Bank of Montreal that, if required, they would again advance the Government \$2,500,000.

The publication of these transactions, has led some parties to fear that the Finance Minister's expectation of re-couping the Intercolonial money out of the

They argue that Mr. Rose would not have been so anxious to make arrangements with our Canadian and English Bankers for renewing the floating Debt, if he had not himself been apprehensive of this result. The *Toronto Globe* has charged that in using the Intercolonial Loan for ordinary purposes—that Loan having been endorsed by the British Government for a special purpose—a breach of trust has been committed. This charge would have some force provided the money could not be produced at the required time. But there is no danger of that result, for as we have seen Mr. Rose has made arrangements to borrow it, if it cannot be obtained from Dominion revenues. But in that event what would be the fate of the fine promises made last Session about wiping out our floating liabilities? It is well known that when that gentleman made his Provincial statement in April 1868, he reported that he had reduced our floating liabilities to somewhere about a million and a half and that if the House should allow him to compel Insurance Companies to make deposits with the Government, if they allowed Post Office Savings Banks to be established, &c., that before they met again not one penny of floating debt would stand against the Dominion. But if he has to borrow again to make good his Railroad promises, the floating Debt will exist still, and Parliament will only be doing its duty by making a searching enquiry whether the public Exchequer received the revenues the Finance Minister expected from his measures of last Session, and if so, what has become of them.

It is only proper to state that it is claimed by the friends of the Government, that Mr. Rose will be able to recoup the money used to pay off the \$5,860,333 referred to above without borrowing again, and that he deserves credit for arresting the loss of interest which would have inevitably occurred if the money had not been so used. The object had in view in saving interest was commendable, and if we incline to the opinion that Mr. Rose was actuated by the best possible motives, and if when he makes the Financial statement, which is expected next week, he can show that he will not require to trouble Messrs. Baring, Glyn & King again, he will occupy a favorable position. If on the other hand, he is compelled to borrow, then he will not be amenable to any charge of breach of trust in temporarily using the Intercolonial funds, but of having failed to fulfill his promises last Session to wipe out our floating indebtedness before Parliament met again. As the annual statement of the honourable gentleman however will be delivered so soon, judgment ought properly to be reserved until the whole facts are before Parliament and the country.

HARD TIMES.—No. II.

The article on the "Hard Times, their Cause and Cure," which was published last week, appears to have excited a great deal of comment, and generally, of a very favorable character. The writer could not fail to be gratified at the numerous expressions of commendation with which his production was received. It shows how deep seated and how general is the conviction that, as a rule, we have been pursuing the wrong way to success in our importing trade, that so many approve of the rather severe strictures in which the article in question indulged. The subject is, however, only partially exhausted—there are so many interests at stake, so many phases of the case, the consequences of over trading are so numerous and so grave, and the whole question so full of interest that it is impossible to compress them down to the narrow limits of a single article. This has been very evident during the past week in the criticisms and discussions which have been provoked, and we propose to refer to a few of the most prominent parts therein that just now strike us.

There was one subject which should have been enumerated as among the causes of Hard Times, and which was overlooked, and that is the excess of silver currency in the country. In a hundred ways does the presence of this inconvenient, bulky and depreciated money retard trade and tighten the already tight times. But that is not all, the direct loss to the retailer is far greater than at first glance is supposed. It is safe to say that an average loss of four per cent. has been experienced by every retailer in the country, on the whole of his trade, by receiving and paying silver—and four per cent. in these days of close competition is the biggest part of a profit. We know of one instance which abundantly proves the existence of hundreds

of others. An examination of the affairs of a recent estate in Central Canada, revealed this fact, that in three years the insolvent lost over two thousand dollars per annum for three years by silver alone. It is quite unnecessary to demonstrate this further—it is already demonstrated in the most emphatic manner by the experience of every business man in the country. In this case we know the cause, we feel the consequence, but what is the cure? The movement by private parties toward the export of silver appears to have failed for want of unanimity, and amid the thousand and one remedies suggested in the past four years, barely one stands prominently forward as bearing on its face a probability of success. One suggestion, however, strikes us as feasible, and which three years ago was urged upon the government. It is that the government should receive silver at a fair but fixed rate for Customs Duties and public dues and export it as rapidly as received. The existing duty of fifteen per cent on its importation would keep it out of the country and gradually the amount would lessen, perhaps at length disappear. In order to compensate for the loss of circulating medium in the country, let the Government issue its own notes (as at present) in amount proportionate to the export, and thus get into circulation an active, sound, convenient and paper currency in place of the sluggish and depreciated one of silver. The Government would be large gainers by the increased circulation, but even supposing there was a loss, the people would willingly bear it; and suppose there was, what is the use of having a government if it cannot relieve the body politic of a nuisance so injurious, so ruinous, and so wide spread in its evil effects. Mr. Rose, the Finance Minister, might immortalize himself by a very simple regulation of this character. The partial movement by export tried by Mr. Weir had an excellent effect, so far as it went, indicating how effective the result might be if the strong hand of the government would intervene to carry it out. Let every merchant in the country whose ideas coincide with this suggestion, cut this out and write, enclosing it to their representatives in parliament, to urge Mr. Rose to carry it out, and if the newspapers will second the effort in this direction, we will soon have this cause of hard times removed.

An esteemed correspondent, the head of a prominent house, writes—"Your article is just right—you hit everybody between the eyes—but why didn't you pitch into the people in Britain that credit every little recalculation that comes over the sea from Canada, and a whole people without brains or brass (money) to compete with respectability and capital. Not content with that too some English and Scotch houses are sending their drummers over here to hunt up chief retailers to whom they sell by sample, &c. Surely you can show them what will be the result of such frantic efforts at pushing trade. Tell them (the retailers) that the people in England who are descending to this class of business can get their goods no cheaper than first class importing houses here. For the most part they are those whom the legitimate Canada trade has left, who were formerly middlemen between the manufacturer and the importer here, whose services we now dispense with and buy direct from the manufacturer ourselves. They can buy on no better terms than we can frequently not so well—for though they may boast of an office in London or Manchester, it does not imply means to do the business to the best advantage. Give us a shove on these points."

Our friend opens for us a larger field than we dreamed of in suggesting we should lecture the English houses as to the liberality of their credits, but we fancy the experience of the past year, and the probable experience of the present will make the English houses a little more careful. There have been some failures—there are less houses in the Dry Goods trade than a year ago in Montreal, and one or two losses more will make the English people less anxious for Canada trade, and the sooner the better. As to the houses sending drummers to this country it strikes us just in this way, that if clever and long experienced merchants with adequate capital and the best facilities, with a knowledge of the country and its requirements can't make money by importing Dry Goods, it is pretty evident that houses resident in Britain but represented here by a mere traveller cannot do so. It is the purest kind of experiment, and an experiment that cannot succeed. The retailers who are taken in hand, and who either go to Britain or have their stocks selected for them in Britain, will very soon discover that when the extra rates they pay for insurance, freight, packing, the loss of interest as compared with the six months they get here, and the surplus of stock, which they are sure to get on their shelves, when these retailers begin to realize all this they will see how impracticable it is, and how expensive a luxury it is to be an importer. How many of them, for instance in the past season, have in their calculations counted the