

The question whether prices are too high, the *Economist* answers by saying that "prices are high, for the time, when investors are tempted to sell, and the supply offering on the market increases; and they are low so long as investors are tempted to take stock off the market, and there can be no other rule applied to them." If we admit the soundness of the general principle as to prices being high, there are exceptions which apply with much greater force here than in Europe. The falling out of margins throws vast amounts of stock on the market, and must, in the long run, unduly depress the price. Here stocks are thrown on the market much faster than investors can take them up. Are prices therefore high? By the *Economist's* rule, yes. But we submit that, in estimating prices, there is another rule that may fairly be considered. When one class of securities sells higher than another class equally good in every respect, surely the high-priced security is too dear. In theory, this must be held to be correct; but the practical rule of the *Economist*, that the price of a thing is what it will bring, is of great importance in everyday life. Yet it is good only for the day. The prices of to-day will not be the prices of to-morrow; and what investors, if they be sensible, consider is, what, at any given price, is a good holding security.

The prices of securities in Europe have been tending downwards for two years. During one year the fall in certain classes of securities in France, has been as follows:

	Nov. 15, 1893. Francs.	Dec. 30, 1893. Francs.	Fall in 1893. Francs.
3 per cent. Rente.....	78	79 1/2	— 1 1/2
Northern Railway.....	1,735	1,900	— 165
Lyons Railway.....	1,380	1,575	— 295
Bank of France.....	5,390	5,520	+ 130
Banque de Paris et des Pays-Bas.....	790	1,050	— 260
Credit Foncier.....	1,216	1,330	— 114
Societe Generale.....	486	590	— 104
Comptoir d'Escompte.....	939	1,000	— 61
Credit Lyonnais.....	530	590	— 60
Suez Canal.....	2,175	2,275	— 100
Paris Gas.....	1,282	1,552	— 270

The depression is a natural result of previous inflation; and here the rule which judges values by returns comes into force. In times of excitement, when few listen to reason, stocks are bought at prices which do not allow a return which would tempt investors to purchase or to hold. At such times, says the *Economist*, "the Stock Exchange does not care for reason; what it does wish for is enthusiasm; and as for the ultimate success of any new ventures, it cares little, for the House never means to hold. It is only interested in seeing the stock, or its equivalent, pass from hand to hand as rapidly as possible, and in keeping up the excitement amongst the "backers" of securities outside. And we must be careful to bear in mind the distinction between these backers, or speculators for the rise, and the owners, or investors, whose confidence has less effect upon business in the House. At these enthusiastic seasons the 'book-makers,' as we may call them, inside have a straight course before them, and they eagerly assist in throwing fresh fuel on the flame, and new securities on the market. * * * But there can be no doubt that the whole House benefits at such times, one department stimulating another; and it would be too much to expect from human nature that any voice should be raised amongst its members to check the increased activity."

When lots in nebulous "cities" in the North-West were being eagerly bought at every auction room in Manitoba and Ontario, Reason was dumb. The man who raised a voice of warning against the madness of all this folly was not merely not listened to: he was hissed. The newspapers puffed in detail what they afterwards cursed in bulk.

But the sober season has come, both in Europe and America. The season of semi-panic, which comes in the train, is as silly as the other. In neither does Reason hold sway. But the whole world does not lose its reason, either when prices are inflated, or when they are unduly depressed. The very fact that investors hasten to sell on a high market proves that, in going against the stream, they know perfectly well what they are about. Prices descend from a high level by large amounts of securities being thrown on the market; but, where margins are dealt in, a downward movement ensures a still more rapid fall.

The price of the foreign investments held in England is affected by the condition of things in the countries where these securities originate. How important foreign securities are to the English people will be understood when it is stated that nearly half their incomes are said to be derived from such investments.

The present dullness will not last forever. "The Stock Exchange," says the *Economist*, "may be weary of waiting, but the tide will turn in time, and it is useless to try and hurry it. As to the suggestion that there is nothing left worth speculating in, we must say that speculation is by no means an unqualified advantage outside the Stock Exchange. But when the money is forthcoming, there will, as in times past, not be any difficulty in finding channels, old or new, for its employment. New Guinea and the Western Pacific may some day be pictured as teeming with wealth; South America, where we have already sunk over £150,000,000, will offer an indefinite field; so will all our colonies. If the funds had only to be asked for, what an opening might be shown for "ranching" in the regions of the River Plate; while a revival in America would assuredly bring a host of novelties over here. But it is useless to paint such pictures in the hope of attracting public attention so long as the public are color-blind. In the meantime, and until the savings of the investing classes increase, the Stock Exchange must wait." And this is true here, where over-investment has been the rule; and some new capital, yet to be created, must go to discharge such existing obligations as are not wiped out by cancelling sales and other forms of liquidation.

CUSTOMS' ACT.

The collection of revenue is naturally regarded by the contributor as a necessity to be submitted to, and one that ought not to be made needlessly irritating, either by the mode of collection, or by the men employed for the purpose. The effect of paying informers and other officials, a large portion of the penalties and forfeitures exacted for infractions of the Customs' Act, has been to create odium, in connection with the operation of the law, which is not altogether undeserved. The powers conferred on officials

are of a very sweeping character, and great pains have been taken to protect these officials. But self-interest is sure to assert itself, and for any one to imagine that the way to stop smuggling is to pay the informer and officials according to the amount realized by its detection, is just as absurd as to expect one interested in gathering an apple crop to demolish the trees that are expected to bear the fruit. There is something exceedingly repugnant to one's sense of rectitude in the waiting and watching over the frauds of a smuggler, until the hoped for penalty shall have acquired sufficient proportions to make a seizure worth while; yet that is what goes by the name of protection to the honest importers!

The punishment of an infraction of the Customs' Act by the imposition, at the hands of the Minister of Customs, of a fine, is a mode of administering justice, which extends to no other offence or official. It is at least doubtful whether the legislature ever intended that the practice which has sprung up should exist. The justification for it is to be found in section 221, which provides for the Minister dealing with the "opinion and recommendation" of the Commissioner, as follows: "The Minister may thereupon give his decision in the matter respecting the seizure, detention, penalty or forfeiture, and the terms (if any) upon which the thing seized or detained may be released, or the penalty or forfeiture remitted." As a basis for the large fines which are from time to time collected under the authority of the Minister, this provision is conspicuous for its insufficiency. It requires something like a serious distortion of its intent, and a perversion of ordinary language, to vest the Minister, upon the strength of that provision, with authority to impose fines at his discretion, which are nowhere authorized by law.

Then, as to the distribution of the sums so obtained; this is a subject on which Customs' officials have always been peculiarly sensitive, and speculation has sometimes been indulged in. The question has been asked who else may share in amounts realized beyond the "Collector or chief officer of the Customs at the port or place where the seizure was made, and the officer or officers by whom the seizure was made, or the information given which led to the seizure," mentioned in Section 213. The following words are rather suggestive of an intention to allow of a very wide scope in this mysterious "going snooks," as it is sometimes termed, "and any person who has given information, or otherwise aided in effecting the condemnation of the thing seized." The right to make any distribution of sums realized from fines rests on a basis quite as slender as the right to impose them. Among the things which the Governor-in-Council is empowered to do, under the provisions of Section 230, is that "for appointing the manner in which the proceeds of penalties and forfeitures shall be distributed." The law nowhere else provides that the proceeds of penalties are subject to distribution; and the above words are barely sufficient to authorize a distribution.

It is perhaps not impossible that both the fining and the distributing of the proceeds would be declared unauthorized