

THE SILVER NUISANCE.

THE following circular respecting the silver question, which has been a source of so much trouble to our business men for some time past, has been forwarded from the Ottawa Board of Trade to the other Boards in various parts of the Dominion.

OFFICE OF THE BOARD OF TRADE,
OTTAWA, March 6th, 1893.

SIR.—The attention of the Board of Trade of the City of Ottawa having been directed to the circulation of a Foreign Currency (the silver coinage of the United States), in British North America, by a circular from the Board of Trade of London, Ontario, dated 6th February last, and being duly aware of the evils entailed on the commercial and financial relations of Canada thereby—having seriously and carefully considered the same in all its bearings—arrived at the following conclusions:

1st. "That it was the duty of the Government to establish a standard of value for the currency of the Dominion."

2nd. "That individual efforts, no matter how comprehensive, well designed or organized, could not be effective without Legislative aid."

3rd. "That it would be better the country should at once submit to whatever final and inevitable loss which would be incurred by removing the mass of silver now used as currency from circulation than to suffer a daily recurring and increasing loss by continuing the evil."

In accordance with these considerations, the following memorial was prepared, which was placed in the hands of the Finance Minister by a deputation of the Council of the Board of Trade.

To His Excellency the Governor General in Council:

The memorial of the Board of Trade of the City of Ottawa respectfully sheweth

That the large quantity of American and British silver in circulation is causing serious loss to the country. That measures should be taken by the Government to remedy the evil.

That your memorialists respectfully submit the following mode of dealing with the question, namely:—That the Government of Canada purchase or call in said silver at current rates, paying therefor legal tender notes, under the present law. Should the calling in of said silver cause a deficiency of circulating medium, then your memorialists suggest that a further issue be made of Canadian silver.

Therefore, your memorialists pray the above suggestions may meet the proper consideration of Government, and your memorialists, as in duty bound, will ever pray,

E. MCGILLIVRAY,
Vice President.

OTTAWA, February, 1893

With respect to the action likely to be taken by Government on this subject the Council can say nothing, beyond the assurance that it is under consideration, and will receive every attention which its importance deserves. But in view of the circumstances under which the finances of the country have been placed, and recognizing the fact that the situation is wholly unprecedented, it has been advisable to ask co-operation from the other Boards of Trade in the Province and also to submit the following proposition for their consideration:—

"That it appears to be absolutely necessary for the regulation of the currency that it should be under administrative and legislative control, and that the government in fixing a standard of value therefore should be requested to recognize the fact that the English sovereign is likely to become a standard of value for Intercolonial circulation throughout Europe."

"That the time has arrived when a mint for the Dominion of Canada is necessary as one of the principal means for preserving the country from a repetition of the grievances under which its currency now labors."

"That a Board of Trade should be organized for the Dominion, consisting of two delegates from every Board of Trade in the Province who would watch over the interests of Commerce, Manufactures, Navigation, the Currency Laws and Fiscal Regulations."

I am directed by the Council of the Board of Trade to forward this circular for the consideration of your Board.

I have the honor to be, Sir,

Your obedient servant,

E. MCGILLIVRAY,
Vice-President.

George H. Perry,
Secretary pro tem.

The Citizen says.—Answers from several of the Boards, we understand, have been received, and acting on a suggestion made, the Ottawa Board met again on Friday and determined on issuing another circular proposing a convention of delegates from the various Boards to meet in Ottawa while the Legislature is in session, and discuss the subject with a view to taking united action in the matter.

The proposition to establish a National Bureau of Life Insurance in the United States, under the authority of a general law of Congress which was recently presented in the House, is now receiving attention among the insurance interests. The object is to secure uniformity of management among the various insurance companies, and to prevent the peculiar abuses to which they are liable. The great object of life insurance is absolute security, and this can only be secured by providing that the reserves shall at all times be equal to the liabilities.

THE SPASM IN THE MONEY MARKET.

(From the N. Y. Financial Chronicle.)

THE past week has been one of unusual excitement in monetary circles. One of the most important aspects of the fight between the chief stockholders of the Erie Railroad on the one side and its Treasurer on the other, is the relation the contest bears to the movements of the loan market. Elsewhere we discuss some other features of this stupendous financial duel, which, in the magnitude of the sums at stake, in the great principles of law and policy involved and in its bearing on commercial honor, fiducial morality, and the security of owners of corporate property everywhere, has not its parallel in the annals of this country. It forcibly recalls some of the railroad scandals which in England have chiefly caused the protracted monetary panic, the prostration of credit, and the general delinquency of the machinery of commerce and trade with the vast losses thus inflicted on the people. We purpose in this place, however, to view the Erie fight on its financial side, and to discuss it simply as a disturbing force on the money market.

On Wednesday last it became evident that some artificial expedients were at work to embarrass our city banks, and to produce a scare among the brokers and other borrowers of money. The evening papers published a letter which seemed to connect this monetary spasm with a respectable firm of brokers, often employed by Mr. Drew, the Treasurer and leading financier of the Erie road, whose reputed speculations have earned for him the significant title of the "speculative director." This letter is as follows:

TENTH NATIONAL BANK,

NEW YORK, March 11, 1893.

Messrs. David Grosbeak & Co. This morning this bank found itself credited at the Clearing House several millions of dollars more than the ordinary transactions of this bank will justify.

The large balance to our credit in the Clearing House was caused by Messrs. Fisk & Gold's making very heavy deposits in two days of over three millions of dollars; the certified checks drawn against the above were withheld from passing through the Clearing House.

To day, during my temporary absence to the California steamer to see a member of my family off, I find that a clerk in your employ deposited the said checks and took certificates of deposit for the same.

This is compelling the bank to hold three millions six hundred and twenty five thousand dollars (\$3,625,000) at our risk, and also placing the Bank before the community as aiding certain parties to lock up money so as to make an artificial tight money market.

Not wishing to see this bank occupy so false a position before this community, you are requested to withdraw the above deposits.

Yours respectfully,

J. B. DICKINSON,

President Tenth National Bank, New York. It is only right to say that both the firms named in this letter disclaim any direct agency or personal intention of making money tight. Still, the Senate Committee now investigating the Erie troubles should summon before them all these parties, together with Mr. Drew himself, and the presidents of some of the other banks. The Committee will thus confer a new value on their report and will throw light on the objects and methods of that new and imperfectly understood, trick of locking up greenbacks, with a view to make money tight, in order to help stock gambling operations. The points are not generally understood, and we mean to discuss them when the Erie report is laid before the Senate at Albany. Perhaps the most remarkable thing about this artificial stringency on Wednesday was its sudden disappearance. Formerly such spasms have lasted several days, and have usually in their results been widely prejudicial to general business. That the same mischievous effects have not followed now, is partly due to the publicity with which the manoeuvre was exposed by the press, but chiefly to the arm, enlightened probity of the bank authorities, who have earned the thanks of the community by their prompt suppression of the attempt to make them parties to an act whose lawfulness is doubtful, and whose honesty is beyond question. Mr. Dickinson, the lately elected president of the bank, deserves, we repeat, the warm approval of the business community, and his example should be followed by every bank president whom unscrupulous men may hereafter try to impose upon in the same way.

We must not omit to notice the vast amounts of capital which, as is evident from admitted facts, are now being wielded by the speculators. Within a few days Mr. Drew as Treasurer of the Erie road, is said to have received, and his opponents to have paid him, no less than five millions of dollars for new stock secretly issued, "damped" on the market for what it would fetch, and manipulated with a view to break down prices. We forbear remark on the legal and moral consequences to the Treasurer and representative of any corporation who is caught doing any such act. The evidence will hereafter show how much of truth there is in the allegations current regarding them. But if they be proved, we have here a single individual receiving in a single week no less than five millions of trust money, and holding it at his personal control. What a right not one man do at a critical moment with this power to draw down suddenly by several millions the legal reserve of a leading bank, and how important it is to the stability of our banks that they should unite and take strong ground against all similar abuses? That such union is needed is shown by the fact that an active broker is reported to have coolly proposed to a bank president not a week ago, to aid him in locking up sudden seven millions of greenbacks. When vast masses of capital are thus to be used in perturbing the financial mechanism of the country, nothing but a united policy and a bold front will save

our banks from the powerful strategy which menaces them at their most vulnerable point.

But how, it has been asked, can 5 or 7 millions, or even ten millions, do so much harm to the money market however suddenly withdrawn from banks whose aggregate deposits are 208 millions? The answer is that the drain we have been speaking of is not on the deposits, but on the legal tenders, whose aggregate is only 68 millions, while every sound bank is nervously anxious to keep up its legal aggregate of 25 per cent. Moreover the speculators usually select one or two leading banks and concentrate the drain upon these, knowing that if they produce a fright in any one spot, it will soon spread throughout the whole, multiplying and exaggerating itself as it diffuses itself vaguely around. We must also observe that the moment chosen for such a raid as this is usually one in which, from normal causes, the money market is sustaining some special pressure. Just now, as is well known, the banks of the interior begin to make arrangements which lessen their remittances to New York, and increase their drafts. Hence the banks here have to draw in their loans to some extent, and if there happen to be any special activity in stocks or merchandise, the money market is sure to respond, and for a time the rate of interest will go up. There are just now a number of legitimate causes for a fair, healthy action of 5 to 7 per cent money market, and although such an artificial manoeuvre may be feared at present, and the supply of capital may be ample still the rate of interest in the existing uncertainty of monetary and political affairs can scarcely be expected to recede.

A QUARREL AMONG THE OWNERS OF THE ATLANTIC CABLE—NEW AND RIVAL ENTERPRISE PROJECTED.

THE Atlantic Telegraph Company, which owns the cables extending from Ireland to Newfoundland, is just now involved in a very serious quarrel. As we all know, it failed twice in the attempt to establish telegraphic communication between the two continents, and, after the last failure, was forced to resort for assistance to a new company, called the Anglo-American, under whose auspices the present cable was made and laid. Owing to the want of confidence in the enterprise, generally entertained by the public, the terms made with the Anglo-American Company were onerous in the extreme. For a loan of £900,000 an allowance was to be made out of the profits of £125,000 or 25 per cent, annually, of which £100,000 was to be contributed by the Atlantic Company, and £25,000 by the New York and Newfoundland, where the Atlantic cable terminates. It was also further provided that when this loan was paid off it should be at the rate of two for one, that is, the Anglo-American Company was to receive not only the £600,000 advanced, but £600,000 more by way of bonus. Under this arrangement, accordingly, the Anglo-American shareholders have been for more than a year receiving their dividends at the rate of 25 per cent per annum and must continue to do so until they are paid off in full at the rate of 200 per cent.

Naturally enough, as soon as the cables began to demonstrate their ability to earn more than enough to meet the claim of the Anglo-American Company, it became a subject of consideration with the Atlantic Company whether it would not be advisable either to liquidate their debt to the Anglo-American Company, even at a cost of 100 per cent, or else make a fresh bargain with it. On the other hand the shareholders of the Anglo-American Company, being well satisfied with their 25 per cent dividends, were disinclined to even accept their 200 per cent. In rose Upon this a negotiation was commenced, which has not yet terminated, and which threatens very important results.

The Atlantic Company at first sought to bring about a consolidation of its creditor Company and itself, on terms which were extremely liberal to the latter, but this attempt failing, it now proposes to raise £1,200,000 by issuing preferred shares, and pay its debt according to the original agreement. The Anglo-American directors, however, threaten that if this is done they will take the money and use it to lay a rival cable between Ireland and New England direct. They say that this can be effected by an outlay of only £600,000, whereas the capital of the Atlantic will be £3,500,000, and they can cut their business down to comparatively nothing. Against this, the Atlantic Company urge the evident dishonorableness of such a proceeding, and the great uncertainty that a cable of the increased length talked of could be successfully worked. At the last advice the quarrel still continued. The Anglo-American directors had had a meeting, and were on the point of accepting terms satisfactory to the Atlantic Company; but, just before proceeding to a vote, their Chairman, Mr. Stewart, made a violent speech adverse to the proposition, and defeated it. This, for the time, put off the desired settlement, and leaves the matter just where it was. The Atlantic Company are going on with their efforts to raise £1,200,000, and the Anglo-American Company, which is mainly composed of manufacturers of telegraphic cables, is making a show, at least, of preparation to construct its threatened rival line. There are of course a number of stock speculators interested, and a great deal of feeling is manifested on both sides. The Atlantic Company charges the Anglo-American with wasting the earnings of the cable in unnecessary expenses, and thus using up the money which should come to them for dividends, and with unfriendly conduct generally, while the Anglo-American shareholders say that the Atlantic is ungrateful towards the men who saved it from ruin. Since, however, they are to get two dollars for every one they advanced, with interest in the meanwhile at 25 per cent, we must confess that our sympathies are not at all in their favor; and, indeed, when we consider their threat to destroy the business of the Atlantic Company, we are decidedly disposed to condemn them.