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THE LATE SESSION.

We live at a time when material interests are among the great objects of legislation. Prominent among these are Railways, Banks, Canals, and Public Lands. The approaching expiration of the Bank charters made legislation on the subject necessary. That some modification would be made had long been a matter of certainty. The Government having become a competitor with the banks for the note circulation, a new element was brought into the question. It soon became apparent that one of the principal objects of the Government was to curtail the Banks' power of borrowing from the public, by the issue of notes, and to increase its own. This was the one point on which Bank delegations failed to make any impression. In other respects, they got their own way, to a great extent. The settlement arrived at was a compromise; both the Banks and the Government having to give up something of what they claimed. If neither was quite satisfied, there was a basis of common agreement. Both accepted what became the inevitable. In the actual state of public opinion, some such compromise as was arrived at could not have been avoided. The Banks form a powerful interest; the Government is ordinarily strong in the House, but in a fight on ground proper to be taken, and from which a defence could have been maintained, the Bank influence would have pulled down the Government majority. Both sides may be congratulated upon the address with which they avoided an open rupture.

There will follow an increase of Government notes, and a decrease of Bank notes, as compared with what there would otherwise have been. Some profit that would otherwise have been made on circulation, the Banks will lose. But the demand for loanable capital, at the Banks, will not be in any way diminished. The Government is not ordinarily a borrower from the Banks; on the contrary, it is a large depositor. The

increase of Government notes will not give a single human being an additional dollar; these notes, like Bank notes, will be obtainable only for value; and there will be in circulation a larger proportion of the former than the latter. The rule will be that only Bank notes will be employed in objects of immediate reproduction; Government notes will either be paid for services which, though essential and important, do not belong to the reproductive class; or they will go to pay for a class of works in which the capital spent becomes fixed, and will bring at first only a doubtful return.

What effect the increase of Government notes will have on the currency of the future can now only be a matter of conjecture. In point of principle, the Government note, payable in gold on demand, is as far from the fiat money which the National Currency advocates are anxious to see created, as the Bank note. Both Government and Bank notes rest on the principle of convertibility. If, in the case of the Government note, convertibility should ever become exposed to danger, we may be called upon to encounter all the horrors of an inconvertible currency, with its uncertain and ever changing value. That this will be the upshot of this measure, Sir Leonard Tilley, we can readily believe, does not for a moment contemplate. Such a result would be a national calamity; and yet, from mistaken notions, it would be welcomed by the National Currency advocates. To what extent the numbers of these advocates may grow, is it difficult to estimate. There is this great difference between the National Policy and a National Currency (fiat money), that a powerful political party, then fast gaining strength in opposition, took up the first, while no party has taken up the last. Such as it is, the fiat money movement is spontaneous. It grows upon ignorance, ignoring history and experience. It would be too much to say that such a movement can never become dangerous: it has often before, in other countries, gained a temporary mastery over public opinion. Political economy was less understood, a century ago, than it is to-day; but some of the arguments against the issue of French assignats, at the latter end of the last century, were as powerful as any that could now be used. All the evils that followed their issue were clearly foreseen and predicted by members of the National Assembly. The Rag Baby, though quiescent just now, is not dead; and we may take it for granted that vigorous attempts will be made to rear it. In calculating the chances of success, we must remember that, although no political party is willing to have the Rag Baby affiliated to it, its admirers are

almost exclusively found within the ranks of one party; and that the time may come when that party may be willing to become its foster mother and call the bantling its own.

That decreasing portion of the Loan Societies, which mixes capital and interest together, became the subject of some new regulations. Henceforth there will be no excuse for borrowers, who repay by instalments, not knowing the precise rate of interest they are paying, as it must be stated in the body of the mortgage, along with the amount loaned. This is what every borrower has a right to know, and what no respectable company would refuse to give, law or no law. Henceforth, both borrowers and lenders may mix capital and interest together with a good conscience; and a practice which threatened to become obsolete may receive some revival. The extraordinary remedy of fines, which Building Societies were privileged to exact for default, is taken away, and in its place the companies will be entitled to charge on interest in arrear the same rate of interest as the mortgage bears. Both these suggestions were originally made by Mr. Blake, who has certainly no motive for being unfriendly to the companies. Any mortgage, after it has been in existence five years, may be paid off, at the option of the mortgagor, on the payment of three months interest over and above what is due. This provision, giving the mortgagor the right to enforce a breach of contract, aims to compensate the mortgagee by allowing the additional three month's interest. This Act does not come into force till the 1st July. The attempt to limit the legal rate of interest on loans secured by mortgage met the fate it deserved.

The tariff changes were few, and not of great importance. They were all pitched in the key of the National policy; and some of them, like the additional duty of twenty-five cents a ton on coal, are certainly in the wrong direction—an aggravation of a previous error. We have to be thankful that the tariff grievance is not greater than it is.

The Legislature refused to slacken the pace at which the Pacific Railway is being constructed, west of the Rocky Mountains. We have great faith in that portion of the North West which lies on the eastern slope; but we certainly doubt whether land enough can be sold, in a short time, to pay for the construction.

ONTARIO'S BOUNDARIES.

We did not expect much from the Committee of the House of Commons on the boundaries of Ontario, and we are not dis-