

the figures of that year with those of 1880, this progressive movement will be placed in a strong light. In 1869, the proportion carried by canals was 6,890; in 1880, it was only 2,512. These figures show, unmistakably, the way the race is going. Will it end in the extinction of the canals? This, we know, has practically happened in Europe. Will it also happen in America? We must not carry too far the argument from what has happened elsewhere, because the conditions are not the same. A long time has elapsed since the canal system of England, Scotland, France and other countries lost its importance; but the Erie canal, though declining relatively to railways, has not yet suffered total eclipse. It is not that the Erie canal carries less than it carried in 1869, but that the proportion is much less. But the total tonnage to be carried has increased from 2,390,422, in 1869, to 7,103,475 in 1880. The canal therefore carries absolutely a great deal more than it carried twelve years ago. And we sometimes hear, as an explanation of the changing proportions on rail and canal, that the canals are worked to their utmost capacity. This statement is not strictly true, for it was made in 1869, and the year after, the Erie canal increased its business. But it is approximately true. Canals cannot be increased in number like railways; and there is not the same disposition to multiply them. They are not, like railways, all-year routes. In winter the frost puts an end to their activity. The increasing proportion of business done on railways, as compared with canals, will therefore continue; and in future, long canals, of inferior capacity, will count for comparatively little. Our great system of canals, which merely links long navigable stretches of lake and river, will never lose its importance, unless railways should supersede lake vessels, of which there is no present probability.

Reduction of tolls may do something to help canals, such as the Erie, to hold their own in the race. The reduction of 1869, did, in fact, produce this effect. A considerable increase followed; though, as we have seen, it was far from being up to the proportion of the increase in railway traffic over the same region. The abolition of tolls on westward bound freight, last year, must have the same tendency. But what does the abolition of tolls mean? It means that the State first builds a canal, at great cost, maintains it at a large outlay, and then undertakes to do one class of business for nothing. Here the commercial principle altogether disappears. And for what purpose? That the canal may successfully compete with railways, which are built and worked by private capital. The Erie canal preceded the railways, in point of time; and it served

a very important end in its younger days. At the same time, it is safe to say that, if it had not been built, it would not now be built, either by the State or individuals. Before and in the first days of the railway era, it might have been reasonable for the State to make great direct sacrifices, in working the canal, in order to gain great indirect advantages. But now the indirect advantages approach a minimum. True the canal, as a means of bringing down railway freights by competition, has, down to the present time, helped to cheapen freights; but in the future, for cheap freights, even on heavy goods, railways will chiefly have to be depended on in the State of New York. With our unrivalled water communications, it may be different; though we do not yet know what the lowest figures in railway freights are destined to be.

People are loath to believe that the Erie canal has not only lost its relative importance but has seen its best days. The existence of the canal has given birth to a somewhat pampered canal interest; and like every other such interest, by which many fortunes are affected, the canal interest is fertile in infertile expedients. Among these are an impossible enlargement of the canal, and the abolition of tolls and other devices out of the course of nature and common sense. It is perhaps a matter of State pride that Erie should get the better of the Welland. The New York State canals have certainly beaten the Welland in the ratio of increase of freight since 1869. The success of the reduction of tolls that year, on the Erie, led up to the partial abolition of 1880. The sensible thing to do would be to leave the canal and railway systems to fight the battle in which they are engaged, without favor to either side. This is perhaps difficult to do. The State owns the canals, while private corporations own the railways. But it may be better to let a thing which one owns fall into disuse than to use it at a loss. But it would be rash to affirm that to make such a surrender would be the true policy for the State.

International jealousy may cause sacrifices to be made in competing against the Canadian canals that would not be made were the question solely one of competition against railways. The late reduction is generally supposed to have had in view the approaching completion of the enlargement of the Welland canal. And there are people among us, nearly all of them personally interested, who argue that Canada ought greatly to reduce or abolish the tolls on her canals, as a means of enabling her to compete successfully with the Erie canal. The great water-way of Canada is incomparably more important than the small Erie canal.

But when we concede this, it does not follow that we should undertake to carry American freight at less than cost. In that case, what we should lose, the American producer would gain. A few individuals here might make a little by handling the American produce that took this route; but the nation would lose, and the national loss would be greater than the individual gain. Our canals have justified their existence, by the indirect benefits they have conferred. There was a time when they formed the only means of getting produce to the ocean. But this is no longer so. They still have some tendency to reduce railway freights during the season of navigation. But nothing, it seems to us, can justify Canada in carrying American produce to tide-water at less than cost. If there be any reason why she should do so, we have yet to learn what it is.

THE PROSPECT FOR NEW LOAN COMPANIES.

Another French company for loaning money in Canada, at long dates, the *Credit Franco-Canadien*, has been projected by M. Hector Legru, the founder of the Beet Sugar manufacture in Quebec. The project is reported to have been favorably received in France, and it is said to be in a fair way of success. The amount of capital proposed has not been fixed; and we do not quite understand on what basis the Co. is to be founded. The advocates of the new company speak as if its resources would be available for mining, agriculture, etc. In connection with it, is mentioned, though a totally separate thing, a Land and Agricultural company, with a capital of 60,000,000 francs—\$12,000,000—started for the purpose of carrying on agricultural operations in Texas. This company has been set on foot by Kohr, Reinach & Co., Paris. A company which intends to make loans at long dates, years instead of months, must take landed security; and if so, we shall have another added to the long list of companies loaning on real estate security.

The times can scarcely be said to be favorable to new enterprises of this kind. Capital is abundant at six per cent. for large amounts, and sometimes five and a half is taken; though seven is not unseldom paid for small amounts. Many persons who have money to loan, on real estate security, hold out for seven per cent., but as this figure is not readily obtainable, the amount of uninvested capital thus held back, is larger than ever before. Even in Manitoba, money is lent on good security at as low a rate as seven per cent. The practice of making loans repayable in monthly instalments has now almost universally fallen into disuse.