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THE STATE OF TRADE AND FINANCE.

Occasion was taken last week in our usual Banking Review to refer to the disturbance in business circles which has taken place within the past few weeks, arising from the several important failures among business men in Ontario and Quebec. It was stated that we did not think these particular failures indicated a generally unsound condition of business. But the number of small failures which are constantly heard of are indications that a bad style of business is again becoming too prevalent among us. The present is assuredly a time for vigilance on the part both of merchant and banker; for some failures have occurred since our last issue which have by no means improved the position.

A word as to the risks of the provision or other export business. When chances to an enormous extent are taken, and immense stocks are held against the changes of the market, the business becomes purely a game of chance, with such high stakes that losses mean absolute ruin. For example: One man with a business capital of \$100,000 will manage his risks so carefully that no matter how bad a season may turn out, he cannot lose more than, say, one-third of his capital. Another with the same amount of money in his business will pursue it without care and judgment, so that the losses of a bad season may sweep away, not only the whole of his own capital, but very large sums in addition advanced him by his bankers or friends.

This appears to have been the case in the instance referred to in our last issue. It is said too, that this failure affords another instance of the danger of sending consignments of goods across the Atlantic. Sooner or later, he who trades on this basis will surely come to a stand. The only safe basis for the trade is that of actual sales, or the buying here on commission for European houses of certain goods at a fixed price. Another alternative sometimes used is to enter into purchases of exports on joint account, which goods are then sold by parties with a house in Europe, the goods being then shipped and sold by parties who have an interest in making a profit on them.

There is nothing special to note in the figures of the bank return. Discounts and loans are being firmly held in on the whole. But it is noticeable that the banks of the province of Quebec have decreased their loans in February as compared with January while the rest have increased them. We append a comparison of the figures in the

last return with those of February 1882. This shows that the discounts of Maritime Province Banks are increased relatively more than those of either Ontario or Quebec; their deposits and circulation are greater while their cash and foreign balances are smaller:

28TH FEBRUARY, 1882.

Description.	Banks in Quebec.	Banks in Ont.	Banks in Maritime Prov's.	Total.
Capital paid up....	36,596	16,600	6,507	59,703
Circulation	17,567	11,735	3,222	32,524
Deposits	56,774	40,852	9,033	106,659
Loans & Discounts	87,153	57,161	15,915	160,229
Cash and Foreign Balances (Net)...	27,088	10,059	2,635	39,782

28TH FEBRUARY, 1883.

Description.	Banks in Quebec.	Banks in Ont.	Banks in Maritime Prov's.	Total.
Capital paid up....	36,714	17,936	6,487	61,137
Circulation	17,821	12,612	3,612	34,045
Deposits	55,423	42,566	9,807	107,796
Loans & Discounts	95,494	66,519	18,035	180,048
Cash and Foreign Balances (Net)...	17,318	8,859	1,833	28,010

There was a slight increase in circulation in February; the decrease in deposits from the public was \$759,000, altogether in those held on demand, for those at notice are as much higher. Government deposits are a trifle less. The banks held \$638,000 more specie than the previous month, but the immediately available assets were nearly a million less, the difference being in the amount due from other home banks and from Great Britain.

Loans on stocks and bonds are reduced by three quarters of a million, while current discounts have gone up \$900,000. It is observable that overdue notes and other obligations overdue have increased from \$3,229,319 to \$3,635,816, which means that where 1.85 per cent. of the total loans and discounts were overdue in January, 2.09 per cent. of them were overdue last month.

THE RAILWAY COMMISSIONERS' BILL.

What first strikes one in reading Mr. McCarthy's Bill to create a Court of Railway Commissioners for Canada is the magnitude of the powers invested in the proposed tribunal. The English railway commission has had no such powers conferred upon it. This of itself is of course not decisive; for the powers of the English railway commission might, in the opinion of a committee of the House of Commons, which studied the subject industriously two sessions, be extended with advantage. The list of subjects to be placed under their jurisdiction by the bill which Mr. McCarthy has in hand is so formidable that it almost takes away one's breath before he can read through it. Let us try to enumerate them: (1.) The crossing of roads and streets by railways. (2.) The location of roads and streets across railway tracks. (3.) The alignment, disposition and limitation of tracks within municipalities. (4.) The compensation to be paid by Railway Companies for land taken by them, and on which municipalities have a claim for compensation. (5.) Municipal by-laws in aid

of railways and agreements connected therewith. Then follows a list of subjects on which railways may dispute among themselves. (6.) Traffic arrangements. (7.) Rates and fares. (8.) Crossing of tracks and compensation therefore, with cost of maintenance. (9.) The alignment and location of tracks. (10.) Right of way over lands owned or occupied by railway companies. (11.) Running powers. (12.) Halage. (13.) Use of tracks. (14.) Use of stations and station grounds. (15.) Adjustment of tables. (16.) Transportation and interchange of freight and other matters relating to "powers," highways and "bridges" and "traffic arrangements." There are properly in this list subjects of legislation and matters for legal contestation. To invest the commission with discretionary power over so wide a range of subjects would give us more commissioner-made law than would be salutary, beneficial or, we fear, quite safe. The commissioners would decide all questions of law and of fact; but upon a question of law, jurisdiction or authority, they might take the opinion of the Supreme Court. With them would rest the right to decide on rates and fares, which is now exercised by the governor-in-council, and to them would also be transferred the powers, authorities and duties now exercised by the railway committee of the Privy Council.

Certain agreements made by railway companies might be vetoed by the commission, if "not in the public interest." The phrase is taking—"Not in the public interest"—but what the public interest in railway management is, it is not always easy for men of capacity and with the best intentions, to decide. Is it for the public interest that rates should always be uniform, mile for mile. The Bill says it is. A committee of the British House of Commons which sat during the whole session of 1882, after very close investigation, gave a different answer. The committee found that higher proportional rates were often charged for short than for long distances. Sugar sent from London is charged twice as much per ton as sugar sent from Greenock, to reach 39 towns, in England, between the two cities. The Greenock sugar is carried 292 miles for 1s. 9d. that of London 150 for 2s. 3d. per ton per mile. How does the committee defend this inequality? On the ground that the differential rate prevents the localization and monopoly of refining in London and gives the public cheaper sugar. This is as extreme a case as it is possible to put; no parallel to it could perhaps be found within our own country. And yet the differential rate is defended in the interest not of the shipper—not of any class—but in the interest of the public. Mr. McCarthy who takes the public interest for his guide may possibly have an answer; but if the general interest is to be our guide, it would be difficult to condemn the conclusion of the committee. Still, this illustration is exceptional in its nature. Local discriminations would not generally work in this way; they would, as a rule, simply tell against the points between which the highest rates were charged. Local discrimination should, we think, as a rule not be tolerated. Different rates charged to different persons or classes of persons should not be permitted. The analogy of wholesale and retail—the illustration of purchasers on a large or on a small