

sider the effect of this practice on the storekeeper or merchant himself. And we have no hesitation in saying that it is as dangerous for him as it is for the farmer. And we will show the reason why.

All persons who accept the care of money have to consider in the first place what use they shall make of it; and in the next, how they shall meet the demand for repayment when it is made. No storekeeper, we presume, would lock money up in his safe and keep it there till it was wanted. There it would be tolerably safe (except from burglars), but then he would obviously lose every dollar of interest he allowed on it. For interest is always allowed, as a rule, on such money. And as it is generally at a higher rate than bankers will give for it, the money is rarely deposited in a bank. That would be safe too, but unprofitable. As, then, it would neither "pay" to keep the money in the safe, nor to deposit it in a bank, the result is that it finds its way into the storekeeper's business—in other words, he trades with it. Sometimes he not only trades but speculates. There is very great temptation to speculate with such money; for, as it is received from a channel outside his regular business, so he is tempted to employ it outside of his regular business. In any case, he risks it. Everyone knows that ordinary trade operations are attended with risk: and speculation is more risky than trade. The money being once afloat in the channels of trade, is not, of course, at command when wanted. And the only resource a storekeeper has to meet a demand is to borrow on his credit for that purpose. This may be available, or it may not. Such a borrowing arrangement may continue for years, and work smoothly, depositors little suspecting how the money is found when they want it. But it almost invariably happens that at some time or other there is a difficulty, and it comes in this way: Money is tight and tightening. Then farmers want their deposits. But this is the very time when bankers cannot or will not lend. The merchant is at once placed in a difficulty. He may get over it by urgency or by finesse, but it comes again. More and more demands are made upon him, and before long all his borrowing power is exhausted. Then the fatal confession must be made that he cannot pay the money, and he has to beg for time. The moment that this exposure of weakness is made there is an end of confidence. The news is certain to spread, and to bring down a host of applicants for money. The more difficulty he has in meeting these demands, the more urgent his depositors are for their money, and of course there is but one ending. Failure, and perhaps flight, are the final result.

This business should be avoided on both sides. It is not safe in these days for a merchant to be a banker too. It might have answered at one time,—forty, or even twenty years ago—but it cannot safely be done now. If any of our friends have become involved in any such way, we recommend them to at once get clear. The money should be drawn out of trade and deposited in bank, ready for calls to be made for it. And if more is offered, the applicant should be referred to a chartered bank. If there is not a bank within reach, and money is offered, the only safe course for a merchant, if he takes it at all, is to consider himself a trustee for the funds, and to lodge them in bank, subject to call, or to the same notice which the depositor himself has to give.

THE CREDIT VALLEY RAILWAY.

The promoters of the Credit Valley Railway are besieging the Treasury of the city of Toronto for another bonus of a quarter of a million of dollars. During the current year, the freeholders refused to grant an additional bonus, when a by-law for that purpose was brought before them. Is there any reason to suppose that they have changed their minds; and if so, to what influence is the change due? It is true that, in the meantime, the company has failed to raise money by what appeared to be its last financial resource, apart from municipal gifts. Its bonds when thrown on the surface of the money market, went straight to the bottom. What then remains? The only thing the promoters can think of is to resume the rôle of the philanthropic beggar; to ask the city of Toronto to throw into the lap of the company a quarter of a million more. Of course the city is told that the road was undertaken very largely for its benefit; that it has a greater interest in the success of the project—for as a whole it has not yet passed the stage of a project—than any other municipality; and as for the promoters, their only thoughts are for the dear benighted municipalities. We must be very near the millenium if railway promoters have no other motive than to benefit mankind, especially mankind as represented by municipal corporations. To ask ordinary mortals to believe all this is to make a heavy draft on public credulity, and one which has already been protested.

The average promoter is pushing, energetic, sometimes unscrupulous; this he was when he had to fight hard to get a charter or concession. But the prospect of bonuses—of the handling of large sums of money for the mere trouble of asking for it—has sharpened his wits, never at any time dull,

and strengthened his audacity. No other human occupation which passes among men as innocent, is so deteriorating to those who engage in it, as the pursuit of bonuses turned into the business of life. If the thing is to go on indefinitely, we may expect a crop of Merry Andrews of finance, at which Law and his gang would have stood aghast. The professional projector has an itching for projects. He evolves out of his fevered brain a crude scheme, without beginning, end or middle. He gets some bonuses, and his ideas expand; he wants more, and to get them he must enlarge his original project. This he does without science and with a sovereign contempt of all safe economic rules. He will not consent to be a humble beggar; why should he? Is he not going to make the fortunes of the donors? If he condescends to accept their money, is it not for their good? It is they who are obliged, not he. He can demonstrate the profitable nature of the project—to the donees. And here he can mystify with impunity. A shareholder who was promised a dividend knows when he does not get it; but when the advantage promised was indirect, every natural increase of wealth is afterwards pointed to as proof of the magical creations of the united bonuses.

The projectors of the Credit Valley Railway, in asking a quarter of a million more from Toronto, do not condescend to show that this amount will enable them to finish the work. On the contrary, they tacitly imply that it will not. They do not pretend that this amount would enable them to go beyond Galt. How are they to get from Galt to St. Thomas, their final objective point? In the absence of this information, there is no case for the tax-payers to go upon. All they are promised at present is a road to Galt; and they will naturally feel a distrust lest, if the bonus now asked for were granted and the road completed to that point, a further demand should be made upon them to enable the company to complete the road. People talk of guarantees that the road will be completed, as a condition of giving the bonus. If a barefooted beggar, with outstretched arms should importune the passers-by, in the Piazza d'Espagna, with the assurance that he intended to build a duplicate of St. Peter's out of the alms he was collecting, would his guarantee create confidence? Professional beggars have no guarantee to give; they may excite our hopes of indirect gain by a *couleur de rose* prospectus, the actual or partial realization of which can never be brought to any satisfactory test. When a railway company goes to the Legislature for a charter, it is required to show in a general way how it pro-