

calling, 45. was directed against newspapers. Sometimes advertisers were appealed to, to cease giving their patronage to the obnoxious journals. A dry goods firm in Wheeling, Virginia, was boycotted because it declined to give the erection of a building only to firms that employed union men. Many of the proceedings in boycotting are arbitrary in the extreme; they must often be in opposition to the common law, and the publications against boycotted firms are not unfrequently libellous.

THE FARMERS' UNION AND C. P. R. GRAIN RATES.

Mr. Van Horne, in a letter to the Secretary of the Farmers' Union, Manitoba, states that at present rates the C. P. R. "is suffering a considerable loss" in moving Manitoba grain. He points out that all shipments for Ontario, where the greater part of the wheat is ground, have to be hauled as far east as Smith's Falls, and then west again a distance of 200 or 300 miles, or an average of 1000 miles from the point of shipment. This reduces the rate received by the company to about 63.100 of one cent. per ton per mile on sound wheat, and a fraction of over half a cent. per ton per mile for wheat damaged by frost. The greater part of the cars used in this business have to be hauled back empty 1000 miles. Grain is hauled from Chicago to the seaboard at a lower rate still; but Mr. Horne insinuates, without asserting positively, that it is not a paying rate. It is something like a revelation to hear from Mr. Van Horne that it has never been the expectation of the C. P. R. Company that any large amount of grain from Manitoba would come east of Port Arthur by rail; the idea has been that the grain would have to be stored at Port Arthur, in elevators, and shipped in Spring, as is the case with grain from the Western States. If experience should prove that this course will have to be followed, the desire to use the Hudson Bay route will be greatly intensified. Some grain it would be possible to ship by that route if railway communication existed; but that it would be enough to warrant the building of a railway is a question for that class of capitalists which is not indisposed to adventure in speculative enterprises. But on the Hudson Bay Route, the navigation would open later than on the lakes by perhaps an average of six weeks; and the delay would add to the commercial risk of the holders of the grain.

Mr. Purvis, at a meeting of the Farmers' Union, at which Mr. Van Horne's letter was read, contended that the rates at which the Canadian Pacific Railway is carrying are excessive. But if they entail a loss, as the manager of the company avers, it is difficult to see how they can be excessive. But Mr. Purvis has his own method of making estimates. "Reckoning," he said, "the expenses of fuel and labor at 30 cents per mile for 1400 miles on 650 bushels at 50 cents, or even 42 cents a hundred on frozen wheat, the company could afford to reduce the rate to a large extent and still have a handsome profit." But what about wear and tear,

and the numerous other items that go to make up the cost of carriage? Labor and fuel form but a small part of the whole cost, and yet they are the only items which Mr. Purvis's estimate takes into account.

The Secretary of the Farmers' Union acted in a very unbusinesslike way, when "vexed and annoyed," "in the heat of the moment," he wrote Mr. Van Horne, saying that "he might find it necessary to call a convention to take into consideration the pooling system established between the C. P. R. and the St. P. M. & M. R. and the desirability of leaving the country." Sensible business men make it a law to themselves to keep their heads cool, and to abstain from making foolish threats. And even while making a clumsy kind of apology, for haste and heat, the Secretary again acted in a very unbusinesslike way. The C. P. R. company, he said, had made no dividend, notwithstanding official statements that it had. But if there was no dividend, the less probability was there of a reduction of rates. A resolution was passed calling upon the C. P. R. to reduce its "extortionate" rates; another condemning the pooling arrangement, as the Secretary, in heat and haste, had threatened. The company, which says it is carrying Manitoba grain at a loss, was stigmatized as pursuing "systematic robbery." All this shows great need for coming to an agreement as to the facts; for if the company's statement be correct, the parties robbed are its own shareholders. Where does the truth lie?

SAVINGS BANKS DEPOSITS.

The comparative high rate which the government continues to pay for deposits still forms a subject of discussion. We have no hesitation in saying that at least three-fourths of the money deposited with the Government in the so-called "Savings Bank" is of the amount and class which would properly find its way to the chartered banks. We have little hesitation in adding that loan companies have by their operations in this field also diverted money to their coffers which might otherwise have been used in the legitimate operations of banking.

It is sometimes rejoined that the banks have already as much money as they can employ legitimately, and that any further increase of deposits would only burden them with money which they could not employ. But a large increase in the deposits of the banks, especially such an increase as would approximate to the figures of the Australian colonies, as quoted in last week's issue, would introduce many and important changes in the modes by which bankers employ the money committed to them. For example, it is almost certain that in such a case the banks would become large holders of government securities. They might carry thirty or more millions. Canada would then become a centre of monetary operations in a way that is not possible at present. Many loans that are now negotiated abroad would then be managed in our own market. Railway loans, loans of the Provinces, loans of Towns and Municipalities, might be, in that case, managed

here with ease. This might enable the vexed question of securing the circulation of the banks to be solved without practical inconvenience and without disturbance to the mercantile community. All this would have the effect of developing a national and patriotic spirit amongst us, such as under certain contingencies would be of inestimable importance. A large increase in the deposits of the banks would undoubtedly lower the rate of discount and cheapen the use of money, thus reducing mercantile expenses and enabling enterprises to be carried on profitably, which now are crippled by the necessarily high rate of interest paid.

And if it be supposed that the banks would suffer from this state of things, it need only to be pointed out, in the first place, that the interest of the banks is the interest of the community; and next that the banks of the mother country make far larger aggregate profits than those of Canada do, although the rate of interest is much lower. They make their profit out of the difference between the deposit rate and the discount rate. If this difference is one to two per cent, it amounts to a mere trifle where the deposits are only a little more than the capital. In fact it would not pay expenses; but where deposits are ten or fifteen times the capital, it can be perceived at once that a very large percentage of profit remains after expenses have been provided for. Bankers in Great Britain, as a rule, make no money on their capital. Many of them have the whole of their capital in the shape of ready money, and never lend a shilling of it. Their profits are made by the immense turn-over of deposits and discounts, and the legitimate commission to which these give rise. The profits attained by lending a small amount of money at high rates are not to be compared, either in safety or amount, with the profits on a large amount of money employed at low rates. It would be a good thing for Canada as a whole, were the deposits of her banks at least double what they are. But as long as the government outbids them for deposits, this is not likely to take place.

DEBTOR AND CREDITOR COUNTRIES

Professor E. Thorold Rogers has an important article in *Bradstreet's* on "England as a Lender." He states the indebtedness of foreign countries, which comes under the cognizance of the London Stock Exchange at £1,500,000,000, and the annual interest thereon at £75,000,000. This is exclusive of British investments in business in foreign countries, the aggregate of which is put at £500,000,000, and from which a minimum profit of ten per cent. is said to be gained. The effect of this indebtedness on the debtor countries Mr. Rogers paints in sombre hues. A debtor country, he says, must liquidate its annual obligations "in the commodities which suit the convenience or the exigencies of its creditor. The more it struggles, for any reason, to regulate its own exchanges of goods, the more hopelessly it is in the power of its creditor. If it declares that it will take none of its goods in exchange directly, but will pay him in specie