

ly too narrow, and the company was never strong enough to fight the powerful Bell rival. Opposition to be of use or to bring success must be effective, and it does not seem that this was true of the Ontario. The estimates of cost of plant were so unreliable as to prove only about half enough. The directors got despondent and sold out. Unless the new company could have been made a success, the public will lose little by its absorption in its rival.

A NEW TRADE POLICY FOR ENGLAND.

Lord Salisbury has startled the commercial world by a threat of modified retaliation upon nations which have shown themselves commercially hostile and unreasonable towards Great Britain. He points out that we live in an age of tariffs, that commercial treaties are only possible to nations which have something to give in exchange for a concession desired; and that England having given everything without equivalent, has nothing left to offer as a basis of international bargains. But he holds that it is in her power, by the imposition of duties on articles of luxury, to obtain the necessary leverage. Wines, spirits, silks, gloves and laces are named as proper subjects of duty for this purpose. Food and raw materials cannot be taxed, the premier admits. But as "Member of Parliament," who acts as the London correspondent of the *New York Herald*, says, even these items must be taken as admitting of exceptions. The answer which he anticipates will come from the working classes is that articles of food cannot generally be taxed, but that in individual cases they can. "Canadian and Indian wheat, Australian cattle and dead meat we can take in free of all duties, and they will be enough for our purposes. The commodities from the United States must have a duty levied upon them, just as English goods are dealt with over there." This correspondent says it is the working men who will enforce this change. The general opinion has hitherto been that they would oppose a tax on food in any form, and that their opposition to it would prove effective. But if the alleged change of sentiment has really come, and we learn from other sources that it has, the most serious obstacle to differential duties is moved out of the way.

Duties on wines, silks, gloves and laces would hit France pretty hard, though it would not strike her exceptionally, after the manner of the treaty of Methuen with Portugal; it would also strike Spain and other wine-producing countries. At the same time, it is reasonable to suppose that the wines of the Cape, Australia and Canada would be admitted at lower duties, relatively or absolutely, the higher alcoholic strength of Australian wines, as compared with those of France, being taken into account. A differential duty on wine alone would not be likely to cause France to change her commercial policy; but if five of her principal articles of export were in danger of exclusion from the British market, she might set seriously to work to

consider what she ought to do. The Cobden treaty was never popular in France; it was the work of the executive and was not submitted to the French legislature. This could not be repeated; and any treaty with England would meet the full force of protectionist prejudice which has been gathering strength in France of late years. Since the appearance of the Phylloxera, the export trade in wine has lost much of its interest for France. Even before the date of the Cobden treaty, France was an importer as well as an exporter of wine; she was even then in the habit of importing thirteen times as much as she exported to England; now her imports bear a much larger proportion to her exports, one year recently the total imports exceeding the total exports. If higher duties were put on wines as a means of compelling France and Spain to offer terms to secure their reduction, France, regarding the matter from the prevailing protectionist point of view, would consider what she believed to be the gains and the losses of any new bargain that might be proposed. The Cobden treaty, French protectionists complained, sacrificed the iron interest to those of wine and silks, and doubtless the same cry would be raised again if a new treaty were under negotiation. An appeal to her predominant interest would alone have a chance of success.

From a cosmopolitan point of view, a receding from Free Trade could not be regarded otherwise than as a calamity. But the responsibility of the initiative rests with protectionist nations. Instead of joining England to make freer the trade of the world, they have raised up new obstacles in its path. If England be driven to depart, in some points, from the policy of Peel, she will do so under the conviction that self-defence makes such a policy necessary. It remains to be seen whether this belief has become predominant. The general election will afford an opportunity of applying the test. The Free Trade principles of Cobden did not prevent his accepting the office of negotiator of a commercial treaty with France; is there any more reason why his disciples should object to a policy which seeks to recover the conditions on which alone such a treaty could be possible?

The proposal by the Canadian legislature of preferential duties within the Empire has probably assisted to embolden the British premier to propose a new trade policy, in which the various portions of the Empire shall be treated preferentially. In like manner the policy which he announces will react on opinion in Canada, and if unrestricted Free Trade with the United States were not dead already, it would help to kill it. It now remains to be seen what Australia and the Cape of Good Hope will do. If they declare for preferential trade within the Empire, the change may some day astonish the world by its presence.

—It is announced that Mr. W. L. Pitcaithly, for years the cashier of the Halifax Banking Company, has left the service of that bank. Mr. H. N. Wallace has been appointed to the position of cashier.

BANKING REVIEW.

The changes in the figures of the Government return for April, a condensation of which we gave to our readers last week, are not important. Circulation has been redeemed to the extent of nearly a million dollars, a movement, however, which is quite common at this season and which is always expected by the banks. The outflow and inflow of circulation in this country, and indeed in every country where notes are actually paid on demand, proceeds upon regular lines and follows the course of the business of the country. Anything that bankers can do to force out currency illegitimately is a mere nothing when a regular system of redemption is in operation. It used to be imagined in England that bankers, and the Bank of England especially, could increase their issues or contract them at their pleasure. This is largely a delusion even with Bank of England notes, which are a legal tender; but it is a pure delusion with regard to the notes of Canadian banks, which are not.

The available resources of banks in the Dominion show a decrease of over two millions, which is partly accounted for by the reduction of circulation and partly by an increase in loans and discounts. The reserves of the banks, however, as a whole, are ample for their requirements. But this cannot be said of every individual institution. We do not care to give the names of the banks whose reserves are inadequate; but any one who chooses to take the trouble can easily find that in several cases, month after month, the amount of cash and available reserves falls far short of what is dictated by prudence. The amount that prudent bankers think necessary in this shape is manifest from the averages of those whose resources are always maintained at an efficient point. Let an average be struck of any half dozen of those, then let a comparison be made between this and the reserve of those whose figures are lowest, and the difference will be strikingly apparent. It is of course an object for a bank at all times to put out as much money as possible in the shape of loans and discounts, in order to secure the largest profit for its shareholders, and if banks lent nothing but their own capital they could lend the whole of what they had. But bankers, by the very nature of the business, incur heavy liabilities by receiving deposits and issuing notes. It is with respect to these that the obligation to restrain their loans and discounts within prudent bounds comes in. There is always a temptation to an inexperienced banker to treat the funds which are his own and the funds which he borrows as one and the same. Many a bank, even when it was intrinsically solvent, has been brought into difficulty by this course. A large part of the monies owing by a banker are payable on demand. It is this pressing obligation which necessitates his keeping large amounts of cash or its equivalent always on hand; and many a banker has learned to his cost that a mistake in this matter is fatal. When we say that the banks, as a whole, have sufficient reserve, it is evident that the stronger of them are