

purchase, making \$5,000,000 in all. It was then thought well to recoup the revenue in some measure by drawing against the credit arranged in London for \$1,500,000. Bills to this amount, as the public have already been made aware in these columns, were sold to eight different banks at rates ranging from $9\frac{1}{4}$ to $10\frac{1}{4}$, and the proceeds allowed to remain on deposit at 5 per cent interest. The time when these deposits may be expected to be withdrawn may be presumed to depend in some degree upon the rate of interest in England. Two reasons assigned for the sale of these bills in February were: 1st. The rates were high and netted the Government \$15,000 to \$20,000; 2nd. The money market was tight and there was danger of a drain of gold from the Dominion which would make matters worse. The fact that \$3,500,000 remains to be issued, and since the Government have initiated the policy of nursing the market in order to protect their legal tenders, it seems probable, notwithstanding the present stringency, that we shall have reasonably smooth sailing for some time to come. Importers should note this fact that were it not for the adventitious aid that these public loans afford in working the money market, we should ere this have felt with crushing weight the thirty or forty millions of an adverse balance of indebtedness against the Dominion which has been created by excessive importations. Twenty-eight millions against us in one year—a fact which is fully pointed out in another article—indicates a state of things which cannot possibly be continued. So long as we are borrowing heavily abroad we can make ends meet, but no longer. This is a fact that business men should not lose sight of if they desire to have an intelligent conception of our commercial position.

NORTHERN RAILWAY.

The traffic of the Northern continues to increase, the gross receipts for last year being \$894,774, against \$777,498 in the previous year. The receipts in 1859 were \$240,044, each year since showing a considerable gain on its predecessor. With larger receipts the percentage of working expenses has steadily decreased. Last year they were 59.06 against 59.33 per cent in 1871. The net revenue in 1872 was \$182,762.47, out of which all interest due on the Company's debentures has been paid, and a balance of \$3,532 carried forward. Owing to the existence of four or five different classes of debentures it has been found necessary to apply for an act to consolidate the capital account in order to simplify and

settle the Company's financial position. We are glad to learn from the remarks of Mr. Cumberland in explanation of the report, that it has been determined to reduce the gauge of the Line to 4 ft. 8½ in.—the American gauge. This will somewhat economize the working of the Road—will bring it into closer connection with the Great Western and the American lines, and ultimately with the Canadian Pacific—a matter of the utmost importance to Toronto. In order to facilitate the lumber trade, it is proposed to make a connexion with Oswego by a line of steam and sailing vessels. One hundred and twenty cars and five engines were added to the rolling stock during the year, and still more are required to accommodate the traffic.

MONEY MARKET.—The Minister of Finance proposes to amend the declaration accompanying the "bank statements," so that it will cover the position of a bank at any time during the month, and not merely at the end of it, which is sufficient to meet the requirements of the declaration as now worded. This measure will have an excellent effect. It will lessen the wide variations in the reserves of the banks, and will tend to check speculation. It has been noticed for a good while past that money has invariably been tight at the end of each month, followed by a corresponding relaxation at the beginning of the next. It is presumed that the explanation of this is, the lending by certain banks of their legal tenders on call at 6 or 7 per cent as soon as the statement is dispatched, and then bringing them in before the preparation of the next statement. This oscillation has been so regular that certain banks have, we believe, acquired the habit of buying exchange and drafts on New York for cash at the end of the month, thus taking advantage of the tide. The practice which the Minister of Finance seeks to restrain is no novelty in banking: it is merely an attempt by speculative bankers to evade the requirements of the law, and therefore ought to be prevented if possible. If certain reserves are required at the end of the month, they are also necessary at the beginning and the middle, and ought not to be loaned out and exposed to the risks of the market. Money is becoming much more stringent. Commercial paper is scrutinized more closely and culled more than for some time past. Brokers are larger borrowers, and pay 12 per cent. and upwards cheerfully, but cannot borrow to any extent. The case of the New York assessors *versus* the foreign banks has not yet been decided.

NORTHERN EXTENSIONS RAILWAY.—A clear statement of the operations of this Company, and of the progress of the two undertakings in hand, is presented in their report. A difficulty has occurred in pressing forward the Muskoka line, owing to the failure of the municipalities to grant the expected bonuses. Attention is called to a somewhat important fact, which is worthy of attention, viz., that owing to the rapid rise in the price of materials the aid granted by the Ontario Government bears a much smaller proportion to the total cost of the railway than at the time the grants were fixed; and as the line extends into a new and sparsely settled territory, the Company feel that they have a just claim upon the Government for more liberal assistance. The difference in price of materials alone is nearly equal to the subsidy granted—\$2,000 per mile. We hope nothing will prevent this important line from receiving such aid as will ensure its extension as originally contemplated. A resolution was passed conveying the well-deserved approval of the shareholders to Mr. Cumberland, for his successful negotiation of the Company's securities in England.

BEAVER AND TORONTO MUTUAL INSURANCE COMPANY.—The report for the past year shows receipts amounting to \$62,227.66 and losses amounting to \$26,524.68. On the 1st January there were 18,300 policies in force, of which 11,996 were on the cash system; over 4,000 policies were issued during the year. The Company appears to be steadily recovering from the calamitous fire near Ottawa which swelled the claims of a single year to the sum of \$103,575; the fact that a mutual company could even survive such a trial affords much stronger proof of the soundness of the mutual system when well administered than many persons are willing to admit.

MUTUAL FIRE INSURANCE BILL.—We see from the amended bill as finally passed that the Ontario Government takes power to appoint one or more inspectors to examine into the affairs not only of the Mutual Companies but of *all other companies transacting the business of fire insurance* in Ontario. The original bill related only to mutual companies. We make an extract from clause 74, "and whenever it shall appear from such examination that the assets and financial position of such company are such as not to justify the continuance in business of such company the Attorney General may apply in a summary manner on motion, to one of the Superior Courts of Law or Equity, for an order requiring such company to show cause why the business