

of these purchases, the price of cattle has gone up. If the object of the purchases be to supply a scarcity of American cattle, it will not be disappointed; but trans-Atlantic prices do not admit of the exportation of cattle to England purchased at the figures which Americans have recently paid in Canada. Mr. Frankland assumes that beef cannot be raised at a profit in the Western States, at less than five cents a pound, though it has been bringing in the past only from \$3.80 to \$4.50 per hundred. If this estimate be correct, the facts are important, since it is certain that beef cannot be permanently raised at a loss. In any case, Canadian farmers will meanwhile reap the benefit of the increased price which American competition among purchasers has produced.

THE BARING COLLAPSE.

Where well-to-do people risk and lose all they possess in an attempt to add to their means, it usually happens that such cases excite condolence of some sort. The Messrs. Baring already possessed great riches and marvellous appliances for indefinitely adding to their wealth, and they hazarded and lost everything in an attempt to increase their riches with indecent rapidity. The faint expressions of sympathy that found utterance were quickly stifled, and those who put forth extraordinary efforts in order to discharge the obligations of the firm as they matured, somewhat ostentatiously avowed motives of self-protection. The public aspects of the matter have become to a large extent historical only, and we may safely discuss the conduct of the concern from the point of view of the business man. The Governor of the Bank of England, at the half-yearly meeting of that institution, has supplied a number of useful facts. They throw little new light upon the collapse itself; the information made public from time to time was fairly accurate, and the most startling financial episode of recent years was as full of danger as it was felt to be at the time. The methods by which the danger was met and overcome are highly interesting.

The announcement of the firm's embarrassment was made to the Bank of England on Monday, 9th November, 1890. Not a moment was lost; the assets and liabilities of the firm were exhaustively examined. No precise statement of affairs was prepared. The monthly balance sheet of 31st October showed:

Liabilities.....	£21,000,000
Assets.....	24,800,000

Surplus..... £3,800,000 sterling.

The details at that date having been scrutinized, the transactions during November were separately examined. The work took four days. On Friday, 18th November, Mr. Lidderdale, the Governor of the bank, assured Her Majesty's Government that the assets of the firm would realize a substantial surplus over the liabilities, provided sufficient time was allowed. This certificate of ultimate solvency it was that shaped and moulded all the subsequent action. The advance of twenty-one millions of pounds sterling was in itself a for-

midable undertaking, and the bank sought the advice and assistance of 'the city' as well as of the Government. The day was far spent when the kind and degree of co-operation was arrived at. At five o'clock in the afternoon a guarantee list was opened. The bank subscribed £1,000,000 sterling. In half an hour the amount reached £3,250,000; by eleven the following morning it was £6,500,000. At noon on Saturday, the 14th November, the Governor of the Bank of England publicly announced that the liabilities of the firm would be duly met. The crisis passed, but the danger was not over, and further large subscriptions to the guarantee fund were obtained until it finally reached £17,250,000.

The course of the liquidation to 1st March has justified the confidence expressed by the governor of the bank. In three-and-a-half months liabilities amounting to £17,500,000 had been paid at maturity, and £11,700,000 of this had been realized from the assets of the firm. Then on that date £3,522,000 had still to mature, and the debts due to the firm were £8,364,000. Thus the debt to the bank uncovered by liquid securities would run up to about £6,000,000. Against this stand the partners' lands, private property and securities. It is estimated that these will realize £2,250,000. Against the remaining £3,750,000 stand various South American securities, and the large surplus of the firm is represented in the same way. Beyond the bold statement that those who came to the assistance of the bank and of the country would suffer no loss, Mr. Lidderdale had little to say as to these securities. A statement of his remarks appears elsewhere.

The rapidity of the process of realization indirectly confirms the assertions made by friends of the firm, that elsewhere than in South America the best traditions of the house had not been departed from. That even at the weakest spot the transactions were legitimate. That not a single bill upon which the firm was liable could properly be described as a "kite." These contentions have not been challenged. Gilt-edged indeed must have been the securities that yielded so vast a sum in so short a time. The only insoluble assets are these so-called Argentine transactions, and it is apparent that there are securities to represent every bill. In the course of the firm's sound trading the fund out of which acceptances were paid arose from the realization of the securities against which the bill was accepted. The acceptances against Argentine securities had to be renewed and re-renewed until a signature that for generations had been endowed with a power almost talismanic came to be looked at askance.

The Messrs. Baring were the financial advisers and agents of Argentina and Uruguay, and largely upon that account the debts of these politically separate States came to be grouped as *Argentine*. The bulk of the native population of these lands is a mixture of Indian, African and European blood. There has been flowing in upon this native stock, chiefly from Southern Europe, a large immigration, and the different elements assimilate slowly.

The form of government, a travesty of that of the United States, would perhaps be more accurately described as a military despotism. The past history of these "republics" is similar. More than once foreign intervention has been needed to avert anarchy. The securities held by European capitalists upon which the two republics are liable, foot up to a total of about thirty millions of pounds sterling. The Argentine securities upon which neither State is directly liable are several fold as great. The face value of all classes of Argentine securities held by European capitalists approaches a total volume of one hundred and fifty millions of pounds sterling.

The very serious charges made against the Messrs. Baring are: (1) They failed to keep the borrowings of these revolution-stricken States within due bounds, and (2) tempted by the bait of enormous promotion moneys, they permitted their great and otherwise unsullied name to be used in the bringing out of enterprises unpromising of good results to those who should invest therein. In plain terms, the firm acted as financial jackals to a number of South American adventurers. Those having to find employment for money having faith that the endorsement of the Messrs. Baring was a guarantee of respectability, believed the statements contained in each prospectus of the enterprises underwritten by the firm, invested, and lost.

There is another side to the majority of stories, and the other side of this one is worthy of notice. The insurrection of last summer cast a lurid light upon many well whitened Argentine sepulchres. That event took place at a very inopportune moment for the Baring's firm; it was a very ill wind, but it did not harm the investors who had not invested. It has been said that the senior member of the firm alone had charge of the dealings in South America, that he was infatuated by the firm's agents at Buenos Ayres, the leading spirit in which was a North American possessed of all the smartness of his countrymen. Far from being inaccessible to new ideas, this gentleman is said to have become more South American than the South Americans. If members of a firm leave to one of their number unchecked control in any matter, they estop themselves from afterwards objecting to mere errors in judgment. If there be cases in which credulity may become criminal, surely this was such a case. The firm knew, or had the means of knowing, the history of those lands. They knew, or should have known, the commercial value of franchises corruptly obtained in such countries. The connection between the firm's agents and the enterprises was not a secret at Buenos Ayres, and the firm could readily have learned the facts.

It is altogether likely that facts now generally known were concealed from the Messrs. Baring. Mere innocence is not enough. Their eminence, the extent of the trust placed in them, obliged them to be vigilant. That they owed a duty to the public was plain: it was equally so that they failed to do it. In a word, they sought their own profit and were careless of the interests of others.