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The Journal of Commerce

FINANCE AND INSURANCE REVIEW.

MONTREAL, JULY 12, 1878.

CHARGES ON COLLECTING DUTIES.

We called attention a few weeks ago to a very serious complaint preferred by Senator Macpherson and others of the great increase in the Custom House charges at the port of Montreal at a time when, owing to various circumstances, into which it is unnecessary at present to enter, the revenue had considerably fallen off. Our chief object was to elicit information, and we have to thank a well-informed correspondent for enabling us to supply additional facts to those which we were able to procure from the public accounts. We have ascertained that in the year 1873, and before the change of government, a considerable increase was made in the salaries of the permanent staff of the Montreal Custom House. The increased annual charge was nearly \$7,500. It is, therefore, not just to institute a comparison between the salaries for the year ending 30th June, 1873, and those of the year ending 30th

June, 1877. The actual salaries on the staff in November, 1873, were, for ninety-one employees, \$80,633, while for the year ending 30th June, 1877, they were \$80,513, and at present they are \$79,280, while the number has been increased by two, being now ninety-three.

We attempted to account for the great increase in the charges at the examining warehouse by suggesting that there must have been a change in the mode of keeping the accounts. We were mistaken in our supposition, but we find that the increase in the charges is satisfactorily accounted for. In 1873 the expenditure on the examining warehouse account was \$16,816 while the receipts were \$12,864 and the balance was charged, as excess of expenses, \$3,952. It appears that among the receipts were included certain fees or charges made upon all goods passing through the warehouse, which fees were popularly supposed to cover cost of cartage, insurance, labour, &c., but which, in reality, yielded a considerable profit to the government, over and above the actual disbursements for the services named. These charges were not collected at any port but Montreal, and had been the subject of much complaint by Montreal merchants, who demanded that they should either be taken off or exacted at other ports. It was deemed expedient to concede a demand based on justice and equity, and Montreal was accordingly placed on the same footing as other ports in the Dominion. The consequence has been an increased charge of about \$10,000 per annum. It likewise became necessary to rent a warehouse for "unclaimed goods" at a cost of \$1,000 per annum.

It will be in the recollection of our readers that, owing to irregularities in the bonded warehouses, it became necessary to institute a searching enquiry in the year 1874 into the manner in which the duties of overseeing these warehouses and checking the entries of goods taken out of bond were discharged. This investigation was conducted by Mr. Duncomb the very experienced collector of Quebec, and the result was a report in which he strongly recommended the appointment of permanent and responsible lockers to take the places of supernumerary tide waiters who, when unemployed otherwise, were sent to the various warehouses at hazard. Mr. Duncomb, it appears, had recommended the appointment of lockers many years previously, and found that the result of the existing system had been that large quantities of goods had been irregularly withdrawn from the bonded warehouses without payment of duty, and

that duties to the extent of some \$45,000 had been jeopardized. The salaries of the lockers being continuously employed are about \$9,000 more than formerly, although the actual staff is about the same as before. Another item of increase, amounting to about \$6,000, is in the extra list of tide waiters and night watchmen. The former practice was to employ the same men, both by night and day, the effect of which was that double pay was earned for inefficient work. We have been assured that great complaints were made by merchants and shippers of the old practice, and that the change was deemed beneficial to the trade. We have given the substance of the information communicated to us in response to our suggestion that it would be acceptable to the trade, and we are bound to add that it seems to us a satisfactory reply to the very grave charges which were made on the ground of the increased charges at the port of Montreal.

It is unnecessary to enter on the subject of the falling-off of the revenue. The severe depression which has existed has resulted not only in diminished imports, but, as there has been a considerable reduction in the cost of goods the duties, which are *ad valorem* on the principal staples have, of course, fallen off.

THE STANDARD FOR THE VALUE OF MONEY.

The recent decision of the Bank of England to abandon the long-established practice of announcing a minimum rate has led to much public discussion and not a little alarm, which the directors have endeavoured to allay. It would appear that, notwithstanding the announcement of a minimum rate, which has been generally supposed to be a *bonâ fide* one, it has been their practice to discount for their own regular customers at rates less than the declared minimum. The minimum rate has nevertheless been always the regulator of the market, as the Joint Stock Banks have been until recently governed in the rates which they allow for deposits by the bank minimum rate, and it is now a subject for discussion what standard for the value of money can be substituted for the bank rate. This is the text of an article in the London *Economist* of 22nd ult., that journal holding that as the Bank has decided that it will discount for some of its customers at a rate lower than that advertised as the official rate, the bank rate will cease to be any real guide to the value of money at all. It is to be observed that the Metropolitan banks were compelled towards the end of last year to abandon their old rule of allowing interest on