

THE BRANTFORD AND HARRISBURG RAILWAY.

THE *Hamilton Times* states that the people of Brantford, finding the difficulties of obtaining a ready outlet for their produce to be increasing, and to be a serious injury to them, have come to the determination to build a branch railway from Brantford to Harrisburg or Lynden, on the Great Western, and thereby have direct connection with Hamilton; and that for this purpose the Town Corporation have resolved to appropriate a sufficient amount on the Bonds it holds against the B. & L. H. Railway Company. Contractors, it is understood, have voluntarily come forward to build the road, agreeing to take the bonds in question for the work, and not asking a single farthing in cash for any part of it. The proposition has been submitted to the Great Western Company, that the town of Brantford would secure the right of way and grade the road; the Great Western then to take the road under its control, place the necessary rolling stock on it, and run it as a feeder of their main line. It is considered that the probabilities are that the road will be built before the end of another summer, there appearing to be no obstacles in the way of its early construction.

It is well known that Brantford is the centre of a magnificent farming country, raising every year a very large amount especially of wheat and barley, and of course it becomes very important that the surplus farm produce should have the readiest and cheapest carriage to market. We trust the Great Western Company will see it to be to their interest to accept the proposition made to them, and have the rolling stock ready to put on as soon as the road shall be completed.

BANKING AND INTEREST.

WE have in the past proved to our readers that we are averse to the principle of stretching the province of government in the enactment of usury laws or trade regulations, believing that the State then goes beyond its proper limit, as much as if it were to attempt the revival of the absurd sumptuary laws of mediæval times. We still believe that if all restrictions on dealings in money were entirely erased from the Statutes of this Dominion, as they have been abrogated in the Mother Country, much good would result. Money would then become more like an article of commerce, governed in its price by demand and supply, obtainable by all equally who had the reasonable security to offer, and chose to pay the market price.

We are led into making these remarks by the fact that, under the new money law, the bankers have not pursued the course which we were led to expect. Their conduct, under the less stringent regulations, has provided the advocates of a revival of the old usury law, with the strongest arguments which could possibly be desired.

As under the 7 per cent. limit in the past with certain penalties and forfeitures, many of the banks now, with liberty to charge what they please, and an exemption from penalties, still confine their favours to those customers whose accounts yield additional profits in the form of exchange. Transactions are now frequently entered into by bankers which, though not legitimate according to the spirit of the Act, are glossed over by the letter, which says that lenders can keep all they get, but cannot recover more than 7 per cent. Is it right to tempt our monied institutions into the commission of these minor immoralities?

We must admit that there is great temptation for the banks to grasp at all they can legally take, but many things are legal which are not expedient. Those institutions are little more liberal now in making loans than when the Bank of England rate was 10 per cent., about two years ago. Money has long been begging for investments in England, and our banks were never in an easier position, yet we have not heard a whisper of lowering the rate of interest in Canada. Most of our banks pay handsome dividends; and we have had abundant evidence that more than the average of bad debts results only from a failure to adhere to sound and legitimate modes of doing business.

No doubt the thought will have occurred to some of our readers that, if the Government pays off the loan granted to the Bank of Montreal, that bank will be compelled to seek new investments. Should such be the case, it occurs to us that the Bank of Montreal will endeavour to create greater activity in trade, by first lowering the rate of interest, and then offering

great facilities to borrowers. But, if it be a desideratum to foster trade and manufactures under such exceptional circumstances, would it not be well for the other banks now to pursue an equally liberal policy from less selfish motives? A difference of 1 or 2 per cent. might cause a man to decide whether he would, or would not, enter upon an undertaking which, if carried out would be of benefit to himself and the country. He might decide in the negative simply by reasoning that if money commands 7 per cent and extras here, while in England it is at 1½ or 2, a loan would be an impossibility in Canada with the Bank of England rate at 6 per cent.

The subject of the rate of interest leads us to consider the connection of a Government and its bank, and how far the latter fails in acting up to the charter granted by the people's representatives, in withdrawing from those people, and loaning to the Government, capital which was intended to foster our trade and manufactures. Governments, like needy individuals, will borrow from anyone who will lend. Few will deny that it would be sounder policy, if the Government were not a competitor with the public, in absorbing the means of its banker. This again raises the question whether a floating debt ought to be allowed to exist permanently. Whenever the British Government is temporarily short, it borrows money on Exchequer Bills, paying a daily rate of interest. The Canadian method publishes to the world that the Dominion does not possess an able financier, and it also proves to be a most expensive mode of borrowing, on account of the exchange "shaves" made by the lucky bank which grants the loan. But Canadian finance appears to be afflicted with a chronic state of deficits, each year being slightly worse than the preceding one.

If we compare the relation between the Government and the Government Bank now, and a few years ago, we shall not be surprised at the number of new banks which have been established, and which have given good returns to their stockholders. A few years ago a bank was supported by the Government, but now the Government is supported by a bank. There is a considerable difference between a deposit of two and a half millions, and a loan for a like amount.

Of course the supporting bank does not perform the Atlas-like duty without considerable profit. The labor only brings forth a chuckle in place of a groan. Other banks would rejoice at the opportunity of selling their bills of £100,000 stg. each, either at 60-days', or at sight, just as the English rate of interest made it most profitable to the lender.

But, recurring to our question of interest, we believe that the Dominion Banks would eventually find it greatly to their advantage if, at the present time, they ceased to exact their full legal right. They would thus show that they are worthy of being allowed discretionary power, and would thereby give an earnest of what might be expected, if our money laws were quite swept away. Should they adhere to their present course, they will find that the apparent gain of 1 or 2 per cent., in the present will prove to be a very ill-judged and short-sighted policy for the future.

For how can they expect permanent relief from the operation of usury laws, if, when money is so abundant as it has now been for months, they do not give their customers the benefit of the abundance, and when it is known that money has been lent by one bank to another at as low a rate as 5, and we believe even 4 per cent. We should like to see the banks justify us in our opposition to any restriction on the rate of interest by acting now in such a way as would strengthen not weaken our hands, and prove in the most convincing way that they are not chartered usurers, but fair dealers in a commodity the use of which they are willing to grant to the borrower, on terms proportioned not to his needs, but to the actual market value of what they lend.

Statement of the Provincial Notes in circulation, Oct 7, 1868, and the specie held against them:—

NOTES IN CIRCULATION.

Payable at Montreal.....	\$3,264,689
" " Toronto.....	1,202,411
" " Halifax.....	136,000
	<hr/> \$4,603,000

SPECIE HELD.

At Montreal.....	\$550,000
At Toronto.....	450,000
At Halifax.....	80,000
	<hr/> \$1,080,000

Debentures held by the Rec'd. Gen. under the Provincial Note Act..... \$3,000,000

* Including \$66,000 marked St. John.

† Estimated, the return not being received.

A TRUCE TO THE RAILROAD WAR.

WE are glad to observe that there has been at least a partial cessation of hostilities between the two rival railway Companies whose headquarters are Toronto and Hamilton respectively. For the present, at least, a truce has apparently taken place, and the clatter of broad gauge *vs.* narrow gauge has temporarily ceased. Several of the townships from which bonuses have been solicited, are not particular whether the Wellington, Grey and Bruce, or the Toronto, Grey and Bruce line succeeds; all they want is to be made certain that they will really secure a railroad to their locality before they part with their money. Both companies have come to see that several municipalities will only give bonuses when made sure on this all-important point, and consequently they are now both endeavouring to effect arrangements to commence the construction of the lines from the eastern ends, with the intention to proceed westwards as the bonuses are voted.

The Wellington, Grey and Bruce Company, whose headquarters are at Hamilton, has a little the start at present. The city of Hamilton recently voted that their Great Western Railway bonds should be given in aid of the proposed line. This grant is considered sufficient to ensure the building of the road from Guelph to Fergus—a distance of about thirteen miles. The contract for this part of the work was let to an American firm about three weeks ago. The Toronto line has also adopted the same policy, and by-laws are shortly to be submitted to the rate-payers of Toronto granting a bonus of \$250,000 to the Toronto, Grey and Bruce, and \$150,000 to the Toronto and Nipissing line. The matter was discussed at a large public meeting held last week, and from the strong expression of feeling by some of the leading inhabitants of Toronto in favour of aiding the lines, there can be little doubt but that the by-laws will be approved when the voting takes place.

We understand that a proposition was made some time ago to endeavour to put an end to the rivalry and opposition which the two companies have heretofore displayed. The proposition is: that in regard to the disputed territory, one line should take the north and the other the south part, and so avoid each other. We think this has not been agreed to, and it really will depend to a large extent upon the speed which the companies show in pushing forward the construction of their respective lines, as to which one of them shall secure the disputed municipalities and their bonuses. Both companies appear to be fully aware of this, and seem determined to strain every nerve to commence work upon their roads and push them forward as fast as possible.

We shall not be surprised if both railroads are ultimately constructed. There is room enough for both, although for some years they could not both expect very much in the way of dividends. Through course of time, however, the Counties of Grey and Bruce will improve in wealth and population to such an extent as to render both lines profitable. When we consider the extent of these counties and their excellent soil, we can have no doubt on this point.

GAMBLING IN BONDS AND GOLD.

AN INSIDE GLIMPSE!

REPORTS from New York and elsewhere, would indicate that considerable speculation in Gold and Bonds has been going on for a short time past. This time it is the "Bears" who are speculative, and this class of beings is by no means confined to the famous Gold Room of the metropolis for we know some in Canada who have invested pretty largely from the same motives and with the same hopes.

The immediate cause of this speculation is the belief on the part of many that a fall in the price of Gold must soon take place. This decline may be only temporary. It may continue but for a few weeks, while certain transient causes are at work; but the time may be long enough to enable skilful operators to sell out again and make a handsome profit. The reasoning by which the conclusion is reached that Gold must decline within the next few weeks, is somewhat as follows:—The price of the precious metal has exhibited a declining tendency for some considerable time past; this is one straw, which is supposed to point the way the wind is blowing. Then the advertised sale of \$800,000 in Gold, for ten days by the Treasury Department at Washington, is expected to play the game of the Bears. Next comes the election of Grant and Gove, as President and Vice-President,