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### SAVINGS BANK DEPOSITS.

The Toronto Board of Trade, at its annual meeting, called attention to the effect produced by the high rate of interest paid by the Federal Government on deposits in the savings banks. It was shown that it pays more for these deposits than the rate paid for the last loan—four per cent. against about 3½—which cannot be good economy on the part of the government. It is paying an unnecessary price for what it borrows through the savings banks. It is assumed, and we think fairly, that the chartered banks find themselves under the necessity of meeting this competition; and if they borrow at a high rate they must lend at a rate so much higher as to make it bring a profit after paying expenses. The deposits in the government savings banks having stood at \$26,219,106 on the first of June, 1883, and at \$30,266,618 a year later, increase, and those in the banks show a slight decrease.

President Darling, in his report, says:—"there seems to be no reason to doubt the correctness of the fact alleged and that common action on the part of the government and the chartered banks in reducing the rate of interest on deposits by one per cent. would be immediately followed by a corresponding reduction in the rate charged by the banks on ordinary discounts." Then follows a comparison:—"The best classes of commercial paper are not discounted in Canada at present at less than seven per cent. Similar paper is freely discounted at from three to seven per cent." If we accept the accuracy of these figures, it is clear that the main cause of the difference between the rates of interest in the two countries must be sought outside the assumed excess paid by the Canadian Government on savings banks deposits. The injurious effect of the high rate paid still remains. But in truth the figures show a difference greater than really exists. The N. Y. *Financial Chronicle*, Jan. 24, says: "Prime commercial paper is quoted at four to five per cent." and the *Commercial List*, Jan. 28, says: "good endorsed 60 to 90 day bills have been readily placed at four to four and one half per cent. discount, and four months acceptances at four and a half to five, while single names have been taken at five and a half to six." If the government agreed to pay only

three per cent. on these deposits it would be the general market rate at which it can borrow; and the question would arise whether, if it felt its duty to be to sustain its present relation with depositors, it could fairly offer less than what it has to pay in the open market. This question may without difficulty be answered in the affirmative. A loan which there is no obligation to repay till a fixed period of years has passed, is worth more to the government than a loan on call or on short notice, because the necessity of being at all times provided with the means of repayment means the keeping of considerable amounts idle to meet these demands.

The theory of a government Savings Bank is that the government has some duty laid upon it to provide a safe place for the poorer classes to deposit their surplus earnings. The desirability of having government saving banks at all depends upon the soundness of this theory. But whatever may be its soundness there is nothing in the theory that can require the government to pay more than a fair rate of interest on the money entrusted to its care. If there be supreme reasons in favor of the existence of government savings banks there minor reasons against them. The savings of the people which they collect are either spent unproductively or locked up in public works; in one case they contribute but remotely to reproduction, in the other not at all. In any event, if these Savings Banks are to continue in existence, they ought not to be the means of abnormally raising the raising the rate of interest to those who are engaged directly or indirectly in reproductive processes.

As stated by Mr. Darling, the rate of interest paid in Canada on commercial paper is about double what is paid in the city of New York; but, as we have seen, the actual difference is less. Besides New York is the great money centre of fifty millions of people, and the relative abundance of capital there has much to do with making the rate. The rate in smaller and remoter centres of the Union shows no such contrast with the rate on this side of the line. The comparison is between things which are not equal, and, therefore does not prove that the difference in the two rates is a thing without reason. In the United States Banks capital is subjected to burthens, in the way of taxes, much heavier than the one per cent. overplus which the Canadian Government is assumed to pay on deposits above the normal rate. But amidst all the complexity of the question, and it is great, this one fact stands out conspicuously that the Canadian Government pays an unduly high rate for Savings Bank deposits and thereby compels the chartered banks in self protection, to follow its example. The complaint is just, and a remedy ought to follow.

### COMPETITION IN SUGAR PRODUCTION.

For the unprecedented abundance of sugar there is a more intelligible reason than for the surplus of the world's wheat. When the cane sugar had the market to itself, there was never any great excess in the supply over demand. It is the competition of beet

sugar that makes all the difference. Twenty years ago, the production of cane sugar was 1,400,000 tons and of beet sugar 400,000 tons. Since then beet sugar has been constantly gaining in the race. Ten years ago, the production of beet sugar began to offer a formidable competition to cane; and since then it has become fully equal in quantity to the product of the cane. The march has been pretty even, as the following figures show:—

Year.	Total production of Cane Sugar. Tons.	Total production of Beet-root Sugar. Tons.
1874 .....	1,711,763	1,165,856
1875 .....	1,745,484	1,372,618
1876 .....	1,681,189	1,101,141
1877 .....	1,671,113	1,420,827
1878 .....	1,698,743	1,574,153
1879 .....	1,924,549	1,453,929
1880 .....	1,847,565	1,749,546
1881 .....	1,916,154	1,860,974
1882 .....	2,019,939	2,146,534
1883 .....	2,104,072	2,362,618

At length, beet sugar has come to be produced on a larger scale than its rival; and the estimated product for 1884-5 is of cane 2,080,000 tons and of beet 2,530,000 tons. Cane sugar has shown great vigor in presence of its new rival, but in the race it has been beaten. In cane sugar the increase, in the past five years, has been ten per cent., in beet sixty per cent. To Germany especially is owing the great increase in beet sugar; and it is estimated that its product will henceforth be equal to that of Austria, France, Belgium and Holland united. The following table shows the countries whence the supplies of sugar of both kinds are drawn with the respective quantities from each:—

	In 1883. Tons.	In 1882. Tons.
Cuba .....	413,890	538,388
Java .....	201,970	295,085
Brazil .....	226,709	181,897
Manilla .....	212,719	153,780
Louisiana ..	137,327	71,373
Demerara ..	116,636	124,102
Mauritius ..	116,612	117,722
Porto Rico ..	77,632	80,066
East Indies ..	72,489	72,479
Trinidad ..	55,420	56,265
Hawaii .....	51,705	50,972
Guadeloupe ..	51,619	57,511
Queensland ..	51,500	34,500
Martinique ..	46,857	47,888
Barbadoes ..	45,835	46,860
Reunion .....	33,020	25,059
Jamaica .....	26,558	38,968
Peru .....	25,000	30,000
Egypt .....	21,597	26,377
Surinam .....	10,193	9,794
Natal .....	9,783	11,855
Or a total of .....	2,104,072	2,019,939
And of Beetroot—		
Germany ... produced	986,403	against 848,124
Austria-Hungary .....	445,953	473,002
France .....	473,676	429,124
Belgium .....	106,586	82,723
Russia and Poland ...	310,000	284,491
Holland, &c. ....	40,000	35,000
	2,362,618	2,146,534
Grand total in '83 ..	4,466,690	4,166,473

In this competition the greatest pressure is felt by the growers of cane sugar; it is they who have been least able to stand their ground. Not that the production of cane sugar has sensibly diminished; to the last it has gone on increasing. The loss it sustains is relative. Once having possession of the entire market, it now has to yield up half its customers to its new rival. The rapidly increasing production of beet sugar has had much to do with the enormous increase in