

monopolize this function. Then certain classes of these grants are unwise, especially when the burden of debt is already heavy. It is not within the legitimate province of a municipal corporation to take stock in manufacturing enterprises of whose merits they know very little. It is a use of public money which is peculiarly liable to abuse as the experience of Ohio proves.

The whole subject merits careful investigation since it involves what to us appears a problem not unattended with some difficulties and which has an important bearing upon the satisfactory and successful working out of the schemes of improvement that are now in progress amongst us.

### PROSPECTS FOR 1873 IN GREAT BRITAIN.

The London *Economist* of Jan. 4th devotes a long article to the prospects of trade in 1873. After referring to the rapid progress of British commerce and industry since the panic of 1866—which in the words of Mr. Gladstone was not by steps but by leaps and bounds—the writer proceeds to say that the danger was very great that this sudden prosperity might be abused. To the mercantile community such periods have generally been fatal; even wise and cautious heads are usually turned at such times. And to bankers and other distributors of loanable capital such periods have been more fatal still. The ordinary funds of bankers and bill-brokers are lost at such times; new houses start into unmerited prominence and old ones embark in speculations which yield present profit but future disaster. The danger of the present period is greater because two checks will diminish the general prosperity, dearness of food and the slackening of trade that must result from the high prices of the two great “instrumental articles”—coal and iron. The last harvest in England was defective, but the French harvest was good which had the effect of keeping prices moderate. But the deficiency of 1872 is now pretty certain to be followed by an unfavorable harvest all over Europe in 1873. The great cause of the late activity—cheap corn—will not therefore continue to operate. The article concludes as follows:—

“If therefore we were to expect the usual course of the commercial cycle, if we were to expect that in 1873 ‘loanable capital’ would become exceedingly scarce because our trade had rapidly increased, and our loanable capital had been to a dangerous excess embarked in trade,—the prospect of the coming year would not be happy, but very dismal. Our prosperity having been so great, and the stimulating causes being (already in part, and likely in future to be still more) withdrawn, we should be exceedingly apprehensive if we imagined that in the usual

course of the wheel that prosperity was to be followed by an equivalent adversity.”

“We do not expect it first, because the period of prosperity has been too short to produce grave disasters. Bad business takes time to grow—especially bad lending business, which is the most dangerous, because when discovered it saps credit, and destroys the spring of industry. Bankers do not in a brief period of prosperity make such mistakes as we know by experience they often make in a long one. And secondly, even more for a peculiar reason. During the last year, long before money would have become dear in the ordinary course of events, and by the rule of the ‘cycle,’ it became dear from a peculiar and accidental cause—the German demand for bullion. The effect of the demand upon the money market is clear enough from our advertising columns. For the first six months of the year those columns were filled with the prospectuses of new companies; in the last six months new companies have been in comparison few—it was of no use bringing them out. The same spirit of caution and apprehension has prevented bad loans to trade. If for the whole of this last year our mercantile prosperity had been accompanied and intensified by a corresponding banking buoyancy, our danger would have been great. But the premature rise in the rate of discount has arrested the periodical turn. It has prevented our lending too much money to trade, or our lending it badly; it has restrained by a constant and healthy apprehension the stimulated energies of trade itself; and therefore we look forward to the year 1873 without apprehension, and even with fair hope. It may not be a year of equal prosperity to the two last years; but we see no ground to expect that it will be a year of calamity.”

### A BAD WINDING UP.

The citizens of St. John, N. B., are not accustomed to the working of the Dominion Bankruptcy Act; even the lawyers there have not yet fully mastered it. Nor are the people of that Province well accustomed to such heavy failures in the wholesale trade as those of the several leading firms whose affairs are now in the hands of assignees. It is in this way that we must explain the strange phases which some of these cases have assumed, and the unwholesome public sentiment that prevails in a section of the community respecting them. In some estates there is a mysterious disappearance of assets, they are secreted or placed where they cannot be got at, and fictitious claims are said to have been trumped up to control meetings. And yet persons who are believed to have acted in this manner are made the objects of sympathy. While there are many men of high standing there who look upon these things in their true light, the general drift of opinion is as just stated. On moral grounds, all this is more especially to be deprecated, but it is not to be forgotten that the rights of creditors also are being prejudiced. A bad winding up is now certain. It is a rather unpleasant fact to contemplate, that the average dividend to creditors from these failures will not exceed 25 per cent. In our way of thinking,

the parties who have conducted their business so recklessly as to reach this pitiful result, can establish little claim to public sympathy. On the contrary, many of them have been setting all business principles and rules at defiance, and rushed recklessly to the goal which they at length reached. We think those traders who suffered from the unfair competition to which they were so long exposed, are those really deserving of consideration. As we understand the duty of the press, it would be much more consistent to condemn the conduct, and justify the retribution of those fallen transgressors, than to condone their offences and conceal their infractions of right and justice between man and man. We have no tears to shed over the mishaps of reckless men whose wilful madness has brought depression and loss to a whole community.

### WORKING OF THE MONEY MARKET.

In banking circles the “signs of the times” are watched with more than ordinary interest; and the next two months are regarded by some with anxiety. It is noted as a fact calculated to dispel doubts, that the country trade are making good remittances within the last fortnight; that, while the unusual depth of snow has blocked the side-lines and interposed a somewhat serious difficulty in getting to market, yet the general character of the sleighing is excellent. Produce is therefore moving with a good deal of freedom, which accounts for the satisfactory returns from country merchants just noticed. There has been for some time past a good deal of looking ahead and providing against financial difficulties. The stock market continues heavy and dull; and great interest attaches to its course in the near future. Of course, the principal interest of speculators centres in Bank of Montreal, as a serious fall in it would mean irreparable mischief to numerous investors, including a good many business men, in the Province of Quebec more especially. It is now asserted that fully 5,000 shares of the new issue (\$1,000,000) will have to be placed on the market and sold to the highest bidder.

The market is bare of exchange; and, as a good deal will have to be provided shortly, there is a question how that is to be done. It is rumoured that resort will be had to the Dominion Treasury for specie to a heavy amount within the next six weeks, for transmission to New York to cover sales of exchange, and its truth is not improbable. If the banks do not ask the Government for specie they must deplete their own stock of specie, and hold a much larger proportion of their reserves in legal tenders.