

## MONEY MARKET.

THE demand for money has still further fallen off, and the legitimate wants of the trade are supplied without difficulty. Sterling Exchange is very firm in New York at 109½ for Bankers' 60-day bills, a figure very slightly below the shipping point for gold. Here the business done has been chiefly at 109½ to 109½, although in some instances 109½ has been asked.

Gold has advanced somewhat, latest quotations being 129½. Bank drafts on New York are not much enquired for, the closing prices being 21½ to 22 discount. Greenbacks are in good supply at 22 to 22½ per cent discount. Gold drafts on New York are quoted at par to ½ per cent discount.

Silver is more abundant, buying at 4½ to 4, and selling at 3½ to 3½ per cent discount.

## "FINANCE PAPER" AND THE RATE OF DISCOUNT.

A LESSON FOR THE FUTURE.

FACTS which have become public during the last few weeks explain a considerable number of the phenomena of the money market during the last two years or more. The lists of creditors of Mr. Savin, the great contractor for Welsh railways; of Mr. Watson, another contractor, of the Contract Corporation; of Smith, Knight & Co. (Limited), also contractors, and of some others, show very clearly the sort of financial influence by which the hundreds of Railway bills before every session of Parliament are suggested and obtained, and also the kind of financial devices by which the works themselves are started and carried forward.

Twenty years ago or less, when a railway was projected on good or ill grounds does not now concern us, people of some sort were found to subscribe beforehand for the shares, and to bind themselves to pay future calls till the line was made. In other words, to some real extent the railway, to cost say a million sterling, was arranged beforehand to be made by a large number of persons out of their respective savings and overpluses of floating capital. We know quite well all the delusions and inequities of subscription contracts. But not forgetting these delinquencies, it is substantially true that until within a late period the costly public works of this country were made by virtue of a previous agreement among a large number of bona fide subscribers, each prepared, or believing he was prepared, to find his quota, little or much as the case might be. In the numerous cases where the adventure was a mistake, the loss and suffering were diffused and severe, and the unlucky contributors were driven to straits and economies painful to contemplate. We are not, however, considering the moral but the economical side of the problem, and economically it was true that the pressure of the period of excessive railway construction, from say 1845 to 1853, fell directly, as it ought to do, upon the savings of the country. The payments to the contractors were raised by calls from the shareholders, and the shareholders paid the calls by savings out of income or by the sale of previous investments.

But this system was gradually exploded, and for the last few years has been given up altogether. A project for a railway, dock, pier, or other public work requiring a large conversion of floating capital into fixed is now concocted by a knot of four or five persons, consisting of a solicitor, an engineer, a parliamentary agent, a contractor, and a financier. Some of the party have the command of the few thousands necessary to pay for surveys and indispensable preliminaries. They have, in most cases, name and position enough to enable them to borrow as much money as carries them as far as the Royal Assent. That once obtained, the Act becomes a lively instrument of credit. The directors issue Lloyd's bonds, debentures, stock, preference shares, and the like, to the contractor, and he in his turn finds avenues in the money market where for rates of interest and commission almost fabulous, cash is to be had on these securities. Now, these securities, let it be remembered, are a pure speculation on the future, and a speculation subject to one principal and many smaller casualties. In the first place, the line must be finished and placed in actual working before the obligations representing its cost can have any ascertained value at all. An unfinished railway or dock has no value whatever. In the second place, the line must not only be finished and actually worked, but in order to impart value to the bonds and shares, there must be a positive profit surplus. The difference between securities such as these—wholly dependent on future and uncertain events to happen at distant and irregular dates, and liable to become worthless by the premature stoppage of the undertaking—and the class of securities which long experience has shown to be the best suited to the requirements of bankers and money dealers—is not only marked in its character, but so wide and glaring as to prepare any prudent person to expect mischief, and mischief has certainly followed in no limited measure.

It is tolerably well ascertained that there has been in the money market for some time past a very large amount indeed of these "finance securities," to apply to them the fashionable description. What may be the exact amount it is not easy to say. We should think not less than five or six millions or more. Many of these securities have been pushed off among banks who ought to have known better than listen to the temptation of extravagant rates on the bills of persons whom they must have known were wholly engaged in contracts more or less hazardous. Of course there was the collateral security of bonds, debentures or shares. But both the promissory note

or acceptance of the borrower and the collateral security were alike beyond the range of prudent bankers or discount brokers. The Joint Stock Discount Company with its millions of liabilities on one side failing day by day, and its millions of finance securities on the other failing day by day, is a goodly caricature of the folly and want of skill we are exposing.

The effect of the system has been to shift the burden of the largest part of the public works of the last few years from the savings in default of the investing classes of the country and fasten it upon the merchants and others legitimately resorting to the money market for the discount of their ordinary trade bills, and for advances required for short periods to meet the nature of their business. The contractor making a railway in Wales, or Somersetshire, or elsewhere, has appeared in London, or Liverpool, or smaller place where banks are to be found, and has got his bill at four or six months discounted at twice or thrice the current rate of the time, forgoing it, of course, by a deposit of collateral security. When the due date arrived the bill could not be paid. It must be renewed and renewed it has been, but once or several times. Now and then the lender has been lucky enough to get repaid out of his securities, or out of the pocket of some new party discovered and enjoyed by the assiduous exertions of the well-paid and plausible emissaries of the people wanting the cash. The end of the process has been a lock-up of funds in advances which are really and truly mortgages on unfinished public works, or on public works struggling into profitable existence.

During the last month or two it is probable that there has been some clearance of this finance paper. The borrowers upon it have been, in one way or another, enabled to offer securities to bona fide investors at prices which had not set a real distribution among the public. Or what is the same thing, a class of real shareholders has been found, not before this line was made or the calls required, but after both these things have been accomplished at a sacrifice about which prudence and pity alike counsel silence.

The finance companies were not up expressly to do this sort of intermediate work, but they have not done it at all well. It is a platitude to say that a finance company like plain John or Joseph can only lend safely that which they possess securely—and they only possess securely their own capital and the deposits lent to them for long periods expiring at various dates. But the manipulation of this real, but of course limited fund, was not equal to the pressure and temptation which beset them on all sides. They resorted to credit; they counted upon the facilities of the market; and when the market ceased to be facile, because contractors were found to miscalculate and to fail, then the finance companies had to turn round upon their shareholders and call up in a hurry and in the midst of panic the capital which they had been foolish enough to lend to others before they had it in their own hands.

The kernel of all the whole case is that far too large a number of persons who ought to have known better have lent immense sums of money upon securities, some good and some bad, but nearly all of them utterly unsuitable to the portfolio of a dealer in money. A bill of exchange drawn against goods bona fide produced and sold is a security representing something which the ordinary consumption of the country will carry off and pay for, and is therefore a safe and proper instrument for circulation among bankers or bill brokers. A bill of exchange drawn in reality against an unfinished public work is a pure speculation on the possibility of that public work yielding a dividend on its cost, and finding purchasers in detail for its bonds and shares, and is not therefore a proper instrument in any sense for Lombard street purposes.

Lord Rodesdale says that he can suggest some legislative checks on unsound and audacious railway schemes. We believe that he will find himself mistaken. We believe, further, that all legislative attempts to save lenders from mistakes in dealing with railway companies are futile and erroneous. The lenders must inquire and judge for themselves or lose their money, always provided that fraud or misrepresentation shall be punished as a criminal offence; as, for example, by rendering personally liable the directors and officers actually signing any bond or security, which on the face of it implies any material circumstance at variance with the real facts of the case. The real corrective and remedy are the seasons of disagreeable experience such as the last few months. Depend upon it Parliament will hear much less of contractors' lines for some time to come, and by-and-by the money market will be gradually cleared of a mass of securities and "finance paper" which ought never to have been admitted into any prudent or respectable quarter. The rate of discount will then resume its former and proper function of indicating the relation between floating capital, expressible only in terms of money, on the one hand, and floating capital represented by merchantable bills and securities on the other.—*London Economist.*

## Caution to Iron Merchants, Consumers, and Others.

Standish and others (the Eagle Coal and Iron Company) v. Whitwell, and others (William Whitwell and Company).—Take notice, that His Honour the Vice-Chancellor Wood, on the 9th day of March, 1866, granted a perpetual injunction at the suit of the plaintiffs, carrying on the business of iron manufacturers at West Bromwich, in the County of Stafford, under the said style of the Eagle Coal and Iron Company, against the defendants William Whitwell, Thomas Whitwell, and Gurney Pease, who carry on the business of iron manufacturers, at Thornaby Ironworks, Stockton-upon-Tees, in the county of Durham, under

the said style of William Whitwell and Company, from making, stamping, cutting, or engraving, and from causing or permitting to be marked, stamped, cut, or engraved, upon any iron manufactured by them, or bought, procured, or sold by or for them, the figure of an eagle or any other mark or brand similar to the trade-mark of the Eagle Coal and Iron Company, or so contrived as to represent or lead to the belief that the said iron was of the manufacture of the Eagle Coal and Iron Company, and from selling, exporting, consigning, or otherwise disposing of any iron manufactured by or bought or procured by or for the defendants, and not being iron manufactured by the Eagle Coal and Iron Company, under the name or description of Eagle iron, or having or bearing thereon the figure of an eagle, or any other mark or brand similar to the said trade-mark of the Eagle Coal and Iron Company, and from using, or causing, or permitting to be used, in or for the purpose of their (the defendants) trade or business, any trade circulars, invoices, bills, letters, notes, or other documents having printed, stamped, or marked thereon the figure of an eagle, or any other mark similar to the trade-mark of the Eagle Coal and Iron Company, as designating any quality of iron manufactured by the defendants, and from using the word "Eagle" as the description of any iron manufactured or sold by the defendants, not being iron of the manufacture of the Eagle Coal and Iron Company; and an account was directed to be taken of the profits made by the defendants by the sale of all iron sold by them as eagle iron, or having or bearing thereon the figure of an eagle or any other mark or brand similar to the trade-mark of the Eagle Coal and Iron Company, since the 19th day of May, 1865, when the defendants first knew that the plaintiffs used the eagle as their trade-mark; and the defendants were ordered to pay the amount of such profits to the plaintiffs, and also to pay to the plaintiffs their costs of suit. And further take notice, that all other persons who heretofore have been or may hereafter be guilty of any or either of the acts complained of against the said defendants, and restrained by the said order, will be forthwith proceeded against according to law.—Dated this 24th day of March, 1866. CHAS. & WALKER, Solicitors for the above-named Plaintiffs.

## Ships Sailed for Montreal and Quebec.

## For Montreal.

		April 20
Finella,	Dundee,	" 23
Heathpark,	Greenock,	" 25
Ivy,	Liverpool,	" 25
Mary Dundas,	Newport,	" 25
Rhoda,	Deal,	" 23
St. Andrew (s.s.),	Greenock,	" 20
St. Lawrence (s.s.),	Deal,	" 26
Thermutis,	Holyhead,	" 22
Walsglif,	Liverpool,	" 21

## For Quebec.

		April 21
Achilles,	Liverpool,	" 23
Advance,	Deal,	" 24
Albinus,	Waterford,	" 24
Alexandrine,	Flushing Road,,	" 21
Alma,	Swansea,	" 25
Anna,	Deal,	" 25
Anna,	Bremerhaven,	" 20
Augusta,	Glasgow,	" 26
Ben Muick Dhui,	Charente,	" 21
Beta,	Caernarvon,	" 22
Boreas,	Waterford,	" 24
Canada,	Queentown,	" 23
Charles Ward,	Genoa,	" 20
City of Bristol,	Sunderland,	" 28
Collina,	Queentown,	" 23
Concordia,	Carthagena,	" 16
Coronet,	Genoa,	" 22
Courier,	Holyhead,	" 21
Dunbrody,	Waterford,	" 25
Eliza Ann,	Falmouth,	" 21
Eliza Keith,	Queenstown,	" 23
Ellen Oliver,	Genoa,	" 21
Envelope,	Waterford,	" 25
Father,	Genoa,	" 18
Favorite,	Barcelona,	" 18
Gipsy Queen,	Dublin,	" 19
Goethe,	Cuxhaven,	" 20
Grange,	Sunderland,	" 20
Harriet,	Waterford,	" 25
Harvest Home,	Ardrossan,	" 24
Hiram,	Cuxhaven,	" 21
India,	Malta,	" 8
Lady Seymour,	Genoa,	" 18
Lily,	Barcelona,	" 16
Marquis of Chandos,	Penzance,	" 20
Mary & Ann,	Cardiff,	" 24
Neckar,	Cuxhaven,	" 20
Nubia,	Studdland Bay,	" 22
Olivo,	Pill,	" 23
Oregon,	Genoa,	" 17
Oregon,	Carthagena,	" 19
Perseverance,	Alexandria,	" 6
Research,	Deal,	" 25
Star of Hope,	Cuxhaven,	" 20
Stonewall Jackson,	Queenstown,	" 23
Thistle,	Waterford,	" 23
Try Again,	Queenstown,	" 23
Urania,	"	" 23
Wandsworth,	Lamlash,	" 16
Ward Chipman,	Queenstown,	" 23
Windsor,	Cardiff,	" 25
Wolfe's Cove,	Pill,	" 22
Zambesi,	Shields,	" 19
Zarah,	Falmouth,	" 28
Zeehoite,	Tarragona,	" 16
Zelus,	Genoa,	" 17