

owners. However this may be, this exceptional privilege is now to be withdrawn. It is much to be desired that some means of utilizing this by-product should be found, so that what is at present an embarrassment should be converted into wealth. We are probably very near such a discovery. It has been repeatedly rumored that the problem of utilizing the sawdust had been solved: one time it was to be converted into methol alcohol, another into paper. Who will set to work to perfect a very necessary invention?

THE BANKING BILL.

When the Banking bill comes up for discussion, Senator Boulton will ask that authority be given to make loans on the security of real personal property. To take pledges of personal property would convert them into pawnbrokers. There can be no doubt that farmers are often greatly inconvenienced by being unable to secure temporary loans of small amounts. If they go to a loan society for a sum which they want only for a few months, they complain that they are asked to burthen themselves with interest for three years. Compliance is serious, refusal perhaps equally so; they are between two fires, and may be scorched on either side. This is what they allege by way of complaint, and if the statement be correct they deserve sympathy. If a farmer in such a strait goes to a private banker or other money lender, he will stand a good chance of being squeezed. The difficulty can be easily understood; the remedy is not so easy. Some bankers are in favor of that part of the change proposed by Senator Boulton, which relates to real estate, and think that small loans made to farmers on the security of land would be perfectly safe. The danger is, of course, of a lock up. Farmers are not punctual in making payment, and many of them can in fact only pay when they have sold off their produce. It is possible that small country banks might meet this want, or the present banks through their agencies might do so. The experiment would have to be made with caution.

Some well-informed members of Parliament express the opinion that the Government's banking measure will not be put through this session, but that after having been introduced and debated either more or less fully, it will be allowed to stand for a year, in order that public opinion concerning it may be fully expressed. Nobody pretends to have any authoritative information as to the nature of the measure. The Government seems to be guarding its secret well. On Wednesday last, Mr. Edgar moved for copies of the charters of the Bank of British North America and the Bank of British Columbia, explaining that these institutions were chartered by letters patent issued in England. He spoke at some length to show that the Bank of British North America was exempt from some of the provisions of the Banking Act, and that there was nothing in the charter to take the place of these regula-

tions. Mr. Foster, the Minister of Finance, did not make any explanation at the time, but will probably do so when the return for which Mr. Edgar moved comes down.

"BETTER TERMS" DEMANDS LOOMING UP.

There are indications that several of the provinces may prefer a demand on the Federal Government for an increase of the subsidies they receive. Quebec is in financial straits, and it is reported will, at the end of the local session, attempt a new raid on the Dominion treasury. In this enterprise it is not improbable that it will be joined or followed, if not preceded, by Nova Scotia and Prince Edward Island. From Manitoba hints now and then come that an equivalent for the public lands of the province will be sought by the Local Government.

The financial problem has always been one of difficulty in Canada under every form of government. All the remedies for political jobbing which have been proposed, and some of which promised fair, have in turn failed. If we go back to the system in force under the constitution of 1791, we shall find that a state of things existed which was as bad if not worse than anything that followed either under the Union or under Confederation. Lord Durham attributed the evil to the absence of municipal institutions, and there was some force in the remark. To this day we find that in the provinces where the municipal system is most imperfect or non-existent there is the greatest tendency to make demands on the general funds of the Dominion. In some of the provinces it is as true now as it was then that the making of roads and bridges is a concern of the legislatures, and if any purely local local expenditure can be thrown on the Federal treasury, the achievement is regarded as a master stroke by which so much has been saved to the province. The real struggle, as Lord Durham pointed out, was so to contrive that the largest possible proportion of the public revenue might "be left to be divided among the constituent bodies." In those days the greatest abuses arose from the fact that it was not necessary to obtain the previous assent of the Crown to any expenditure that might be proposed; the whole of the public revenue could be squandered through the initiative of individual members. The science of log-rolling was carried to perfection; "and," in the words of Lord Durham, "at the close of the Parliament, the member who has succeeded in securing the largest prize for his constituents renders an easy account of his stewardship, with confident assurance of re-election." One year a sum of £10,000 was divided into as many portions, and an equal number of commissioners were appointed to spend it, at a salary of five shillings a day and two and a half per cent. on the expenditure. The member who promised most, and backed his promise by the best past performance, was the most acceptable to the constituents.

Lord Sydenham, who followed Lord Dur-

ham in the administration of the Government of Canada, soon came to the conclusion that "no colonial legislature will divest itself of the great power it now possesses of parcelling out sums of money for every petty local job." In this he was right. He ventured the prediction that when the initiation of money votes would require the recommendation of the Crown, the task would become impossible, and the Government would have to leave the details of local expenditures to the members. He saw clearly that there was only one remedy, and that was that "all purely local expenses be borne by the localities themselves, and that only great works be paid for out of the provincial funds." For the purely local expenditure, he proposed that municipal councils should be established. We have got the municipal councils, in Ontario at last, and the requirement of Government initiative for money votes has been erected into a rule. But the jobbery has not ceased. The evil is less where municipal institutions are most fully developed than where they are very imperfect or non-existent.

With the introduction of railways came a new element. But there are local railways and railways which are of general benefit. Until recently no attempt has been made to draw a proper line of distinction between them; at last Ontario has laid down the principle, or at least tried to act upon it, that only railways which afford colonization facilities deserve provincial subsidies. There is, of course, greater reason why the Dominion refuse aid to local railways, which at best are of provincial concern; but it continues to be lavish in grants of this kind.

Will any rational being tell us where the present financial system if persevered in will land us? We have seen the state of things which existed in the Provinces of Upper and Lower Canada, when they had separate governments, and it is not greatly improved under confederation.

Under the union that followed, the late Mr. George Brown used to say that Upper Canada paid by far the larger part of the taxes, and that Lower Canada got the lion's share of them when they came to be distributed. Mr. Brown was among those who fancied that Confederation would put an end to this injustice, as he believed it to be. But there were others who foresaw what has happened: that instead of being the milch cow for one province, Upper Canada would become the milch cow for several. This was the opinion of the late Senator McMaster, though he did not go out of his way to give it expression. What has happened? When the financial basis of Confederation was settled, many of us deceived ourselves into the belief that the compact was indissoluble, that we knew exactly what had to be paid in provincial subsidies out of the Federal treasury, and that the amount payable to each province did not admit of increase. The amount has been increased from first to last between thirty and forty millions of dollars. And where is all this to end?

The absence or imperfection of municipal institutions gives occasion for demands on the Dominion treasury, from which even

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