

a suit. The banks, we understand, offered to pay this year's tax into any chartered bank, awaiting the result of a test suit. There was a feeling among the bankers, evidently, that if the tax were collected from them, the getting of it back would be a tedious and uncertain process, and this was resented as casting reflections on the good faith of the Government. It would seem that the Banks are now in the strong position that the Provincial Treasurer cannot levy for the taxes, but must sue for them. The aim of Mr. Wurtele appears to have been, by suing each bank and agency separately, to break up the threatened combination among the Banks to resist the tax, but he has not succeeded. It is not so much the amount of the taxation that the Banks object to as the principle. And the fear has been expressed that if the amount now demanded were paid "for the sake of peace," the sum of \$10,000 or \$20,000 additional per bank might soon be levied, compelling those institutions to recoup themselves in some way from the community. Taxation here would indeed be destruction.

#### THE PAYMENT OF FIVE PER CENT. GOVERNMENT BONDS.

A heavy reduction of loanable funds has been gradually occurring from the approaching payment by the Government of \$4,000,000 of five per cent debentures. The money to be drawn from the banks reduced, the margin of deposits which it would be prudent for them to lend; in other words, the preparation for this payment reduced the loanable funds in the banks by whatever proportion of deposits it is prudent to loan and what was actually loaned, a proportion which for general purposes is usually assumed four-fifths. The pressure was occasioned during the time which preceded payment, and increased in intensity as the day for payment was approached, and would be at its maximum just before pay day.

Some of the speculations indulged in on this subject are worthy of notice as being misleading and inaccurate.

Most of the public debt of Canada is owing in England; and if this four millions had to be sent there, the payment would have given no relief. But it happens that of this sum \$2,400,000 is held in Canada and only \$1,600,000 out of the country. The \$2,400,000 released by payment, it is argued, will give very sensible relief. Some of this money, it is admitted, may have been pre-engaged; but the class of people who invest in Government securities is ordinarily quite distinct from the class which makes ventures in North-West lands. The present time, however, when even some of the judges of the land have caught the North-West fever, is exceptional, and some of the money released from the Government securities may go into North-West lands. But it is not likely to be much. The greater part of the \$2,400,000 released, it is assumed, will seek new investments on loan; and that in the meantime most of it will necessarily be on deposit. The banks are not likely to outbid one another strenuously for the deposits; but the temporary scarcity of money may cause some advance in the rates

paid for deposits, for a short time. It is contended that \$2,400,000 cannot be added to the loanable funds of the country, in a day, without bringing into existence a larger number of persons desirous to lend than there is of persons desirous to borrow. But these assumptions do not accord with the facts.

Of the \$1,600,000 which goes to England not much can be relied upon to return. England is the world's loan market, and she spreads her capital on every hand. Some of it may go, through North-West lands, back into the coffers of the Canadian Government, but not much.

But before any reliable conclusion can be reached, the facts must be correctly stated. It is not true that \$3,400,000 will be released and assume the shape of loanable funds. Part of this amount, part is deposited with the government for security by insurance companies; and as these companies must keep up their securities, in some form, the proceeds of old securities will have to go to buy new ones. These may have to be purchased in England, as the government has no four per cent. bonds, which some of the companies would take for sale. To arrive at the amount which will be available for loan as the result of this payment, we must deduct the amount payable in England and the amount held as insurance companies deposits. These make together, about \$2,000,000, leaving a balance of as much more which is capable of assuming the shape of loanable funds. But many of the holders of the bonds to be paid off have no doubt arranged to make new investments; and in this way the amount of loanable funds released will be still further reduced.

In the United States, a payment of Government bonds relieves financial pressure in a different way. There the Government bonds are put into the public treasury and not in the banks. No portion of them is loanable by the banks. The United States Treasury Department is an immense reservoir of specie; and the superfluous funds are only released when the floodgates are opened and the treasure flows out to satisfy the demand of public creditors. The richer the Government in specie the poorer the people; but though the wealth of a country does not consist of specie but of commodities, a pressure for money may make even rich men, whose means are not available, feel as if they were poor.

The total amount of public debt to be redeemed this year is \$7,340,000, of which \$2,340,000 is due in England. But it is not clear from the Budget speech of the Minister of Finance whether the whole amount is payable this month. His words are: "We will redeem \$5,000,000 of it [public debt] bearing five per cent. interest, as we have given notice to the holders of those \$5,000,000 of 5 per cent. securities, that we will redeem them in September next, and 2,240,000 six per cent. debentures falling due in England." The meaning seems to be that the whole \$7,340,000 is payable this month; and if so, the withdrawal from loan of deposits will go far to account for the present stringency in money.

—The City Gas Company of Montreal, has declared a half-yearly dividend of 6 per cent. payable Oct 16th.

#### TRADE WITH SOUTH AFRICA.

A report upon the prospects of trade between Canada and South Africa has been made to the Halifax Board of Trade by Col. J. W. Laurie, who has visited the Cape Colony and taken pains to inform himself upon the commerce of that region. Our readers will remember that we, last year, gave some facts and figures bearing upon this subject. The substance of Col. Laurie's report may be given as below:

Grain reaches the Cape mostly from Australia and New Zealand, either of which countries is twice as far off as Canada. Wheat, corn, barley, beans, peas and flour, are received from those distant colonies, while oats are sent mostly from Brazil, on the coast of South America, and some wheat from Chili on the West coast. Why not send, if not our flour, say our coarse grains. Agricultural implements to the value of a quarter million dollars go into Cape Town in a year. The most of these are American, some of them English. Canada might furnish these.

When vehicles for travelling can be made in Wisconsin, 850 miles west of Montreal, and shipped via Boston and New York to the Cape, why cannot we, in Canada, make the "spider" carts which are supplanting the Cape carts?

American furniture, chairs, tables, washstands, &c., are shipped to South Africa in quantities, the parts in cases or battens, to be put together on arrival. Wood bottom chairs, obtainable in Boston at \$4 per dozen, and washstands at \$6. We might do likewise.

Canadian strong tweeds and Nova Scotia "homespun," are recommended as well suited for that distant market. The latter article would certainly have an advantage over other parts of Canada in proximity to the market in question.

The following list of articles and their value imported into Cape Town in 1879, will be found worth perusal. We append the places whence imported:

Agricul. Implements..	\$240,000	Amer. and Eng.
H'dware and cutlery..	2,492,080	do.
Leather goods .....	1,726,000	England.
Saddlery and harness..	534,800	Eng. and Amer.
Wool Manufactures....	1,896,600	do.

The remaining articles in the list are given opposite the quantities of each received:

Soap .....	6,904,310	lbs. England and U.S.
Candles ...	1,913,481	" England.
Ale & porter	807,305	gal. Eng. and Germany.
Butter.....	765,821	lbs. Amer. and Switz.
Cheese ...	989,303	" Eng. and Amer.
Confections..	2,411,371	" England.
Barley.....	959,320	" Aust. and N. Zeal'd.
Beans & Peas	533,614	" do.
Bran .....	2,251,405	" do.
Flour .....	26,888,503	" do.
Maize .....	15,595,186	" do.
Oats.....	2,425,797	" South America.
Wheat .....	20,965,925	" Aust., Chili, U.S.

—By no means the least interesting of the proceedings in connection with the Montreal Exhibition last week was the citizens' Banquet in the Windsor Hotel. Some three hundred and fifty gentlemen assembled on the occasion, among them the Governors of Vermont, New Hampshire, and Rhode Island, the Lieut. Governor of Quebec, the Premier of Prince Edward Island, and the mayors of numerous Canadian cities and towns. Mr. David Morrice, one of the most