

LAST YEAR'S SURPLUS.

The Dominion surplus is getting larger and larger. For the fiscal year ending June 30, it was \$8,435,599.47; the receipts being \$32,188,793 and the expenses \$23,753,193.53. If the receipts from crown lands had been included, as heretofore, the surplus would have been increased by \$1,774,465. This amount is however rightly excluded from revenue, as it properly belongs to capital account. No individual would think of putting down as annual income the proceeds of the sale of his real estate; and there is no reason why a Government should do so. We have frequently contended for this alteration; and in doing so we have nearly if not entirely stood alone. The principle having been once conceded by the Dominion, the local Governments will probably find it necessary to reform their system of book-keeping in this particular. There is the more reason why it should be done in their case, as the subsidies they receive will not increase with their expenses; and the proceeds of the crown lands should be capitalized with a view of making them a source of revenue, when the present annual income will no longer suffice to meet the year's expenditure.

The surplus, it cannot be denied, has reached undue proportions; but it would have been less if the effect of the reductions made last Session had been fully felt. For the year, the taxes repealed last Session would, it is estimated, reach \$1,500,000. But even then the surplus would have been unreasonably large. If we are now about to enter on a period of contraction, the surplus would of course be less next year. Rather than maintain it at its present level, less the reduction of a million and a half to accrue from the legislation of last Session, it would be better that a further reduction of taxes should be made.

The statement has been made, by a ministerial journal, that last year's surplus will enable the Government to meet all its obligations, on capital account, for the fiscal year 1882-3. It is a good thing to show the financial strength of the Government; but this once done, the demonstration need not be repeated, year by year.

Whether there will be much contraction, during the construction of the Pacific railway is sometimes questioned. Many imagine that the heavy expenditure on that work must prevent any great contraction, while it is in progress. It must be remembered, however, that at present, the railway is being built with Canadian capital, the limit of which, applicable to that purpose, must soon be reached. The conversion of floating into fixed capital cannot, by any possibility, go beyond a certain point. The financial policy by which the railway is being built must be changed, sooner or later; and not till this is done is much relief likely to be felt.

THE LOCK UP OF LOANS ON MARGIN

Loans on margin, so long as they can readily be called in, are a decided convenience to bankers. But in a conceivable state of things, these loans might get locked up. To a certain extent, this is true now; and if

an attempt were made to call them all up, it would be found impossible to realize. The margins having once disappeared, the lenders would have on their hands a vast amount of stocks for which there would be no buyers.

It would be interesting to know what proportion of the \$17,000,000 loaned by the banks on collaterals represent gambling transactions on the stock exchange. There can be no doubt that the amount reaches many millions. The time has even now come when much of this capital is wanted for legitimate purposes; and it is quite certain, not only that it could not be got, but that any general attempt to get it would be disastrous.

To foster gambling on the stock exchange is not a legitimate employment of the capital of our monetary institutions. This gambling is quite as demoralizing as any ever carried on at Baden-Baden or Monaco. The best thing the banks can do is to withdraw all these loans as opportunity offers; and in fact this can only be done as investors can be found to replace those who sold out when prices rose to an abnormal height. People who have capital to invest are not likely to be tempted to buy very largely of stocks which promise a return of perhaps four and a half per cent., when the average rate of interest is at least seven. Loans on gambling margins will cease when the lenders find that they run inordinate risks or have been seriously hurt.

GAMBLING CONTRACTS AGAIN IN THE COURTS.

The Supreme Court of Wisconsin has just decided a case of gambling in "futures." The facts may be briefly stated:—"A went into the market to buy or sell grain not for delivery, but for settlement at the price of the day of ostensible delivery. A lost some twenty-five hundred dollars, for which B, his broker, sued him in the Circuit Court; A appealed to the Supreme Court of Wisconsin, which overruled the decision in the inferior court, upon the ground that the testimony of the defendant, A, showed that the transactions were not only illegal and void, but criminal." According to a New York journal, the decision of the Supreme Court rested on these grounds:—"That as there was to be, upon the understanding of principal and broker as between themselves, and as between the broker and purchaser of, or seller to him, no actual delivery of the property bought or sold; the whole business was a gambling one, which the law not only will not protect, but which it will, properly evoked, punish. That is to say, the whole transaction was against public policy."

Everywhere this principle obtains: if there is not intended to be an actual delivery of the produce or stock bargained for, the transaction comes under the head of gambling, and is illegal. In Wisconsin it is said to be criminal, and if this be so, its criminality may be presumed to rest on a local statute.

This decision, which accords with several others on the subject, shows the dangers which brokers sometimes run; as a rule, their clients might be expected to pocket the loss and say nothing; but there must always

be danger that some one would not do so. This form of gambling is highly injurious to regular trade; and in the interests of morality it is desirable that it should be put a stop to. As we pointed out last week, the same principle applies to stock transactions as well as produce; and it is notorious that the law is every day openly violated, at every one of our Exchanges.

On this subject, the New York *Shipping List* says:

"A comparatively easy money market and a readier negotiation of mercantile notes have served to promote the home trade somewhat, but the export movement is still disappointing, there being as is complained, a general lack of shipping margins on most of the staple productions of the country, owing, as alleged, to the growth of the pernicious system of "futures," which in a great majority of cases is simply betting upon what the price of a given commodity will be at a specified time in the future. For example, it is estimated that of cotton there are not less than 30,000,000 bales of futures sold during a year. To meet this there may be 6,000,000 bales of actual cotton in the country, so that four-fifths of the whole business is pure and unadulterated gambling. The same system also prevails to an alarming extent in grain and provision trades, and it is almost unnecessary to say is fatal to legitimate trade, or in other words the purchase and sale of commodities for actual delivery. No technicalities however adroitly put, can gloss over the extra hazards, or the injurious effect upon legitimate business methods, of these gambling operations. The courts of several States have declared this form of gambling illegal, and yet it is still actively indulged on the Exchanges of the leading centres of trade."

COMPETITION FOR EMIGRANTS.

Under the title of "Canada as a Home," Mr. J. S. Bourinot recently issued, in pamphlet form, a reprint of an article contributed by him to the *Westminster Review*. The writer sets out by contrasting the British emigration to the United States and to Canada respectively; showing how great the preponderance is in favor of the foreign country. He expresses the opinion that a national emigration policy, if adopted by England, might do much to turn the scale in our favor. The figures given are indeed startling enough. Within half a century, more than ten millions of people went from Great Britain and Ireland to the United States; and "since 1867, when the Provinces were united in a confederation, a larger population than is now in all Canada, has emigrated from Europe to the United States." Mr. Bourinot looks hopefully on the future of the North-West; but he expresses the opinion that "all depends on the interest taken by England in its development."

In the past, there were causes at work which made it inevitable that the United States should be settled sooner than Canada. Ontario was to New York and the New England States, a back country. The Erie canal was built before Ontario had any other means of sending a bushel of corn down the St. Lawrence than what the lumberman's rafts, which shot the rapids, afforded. When Lord Durham wrote of the backwardness of Canada, compared with the United States, the contrast was with the frontier States. The western States were then a wilderness; and with all that open territory in the rear Van Buren, at the time of the Caroline trouble out of which arose McLeod's trial, shrank from provoking a conflict with England. When the western