

SPECULATING ON MARGIN.

WE last week briefly gave the gist of Judge TASCHEREAU's decision in *FENWICK v. ANSELL*. The result has given rise, as might have been expected, to a good deal of press comment, and the *Toronto Globe* thus ingeniously speculates upon the judgment:—"In the Superior Court of Quebec last week Judge TASCHEREAU gave a decision of some interest to the mercantile community. The case was *FENWICK v. ANSELL*. The defendant had, in June, 1877, given to the suitor, who was a stock-broker, a cheque in payment of balances due on certain transactions concerning the purchase and sale of stock. On presentation the cheque was dishonored, and the defendant repudiated his liability on the ground that the cheque had been given for an illegal consideration. Mr. Justice TASCHEREAU, in his judgment, held that the action on the cheque could not be maintained. The transactions between the suitor and defendant had been merely speculative, the only result of them being a payment of differences according to the rise or fall of the market. His Honor, however, refused to allow costs to follow the event. The cheque having been given in the ordinary way and accepted in good faith, the action would be dismissed without costs. This decision, it will be observed, relates to a form of gambling which has before been declared illegal in Canada, and does not touch the prevalent stock-jobbing practices of purchasing 'on margin,' or of 'selling short on margin' shares which the seller does not possess, but which he really does purchase and hand over when the transaction is completed. The latter form of gambling is one which it would be very difficult to suppress by law without deranging business. A very large proportion of the world's commerce is transacted in anticipation of the manufacture or arrival of the goods sold. If it were suddenly to become unlawful for a man to sell that which he does not possess, business would be perfectly paralysed. Trade could not be carried on if the power of selling goods 'to arrive' were taken away. But what a dry-goods merchant does when he sells goods that are on the ocean or in process of manufacture is almost exactly parallel with the action of a stockbroker who sells to-day for future delivery stock which he does not intend to buy until it suits him to buy it, or the time of his contract runs out. It might be objected that the dry-goods man takes for his goods a price fixed at the time of sale, and that therefore there is no speculative feature about the selling of goods 'to arrive.' But it is also not an unknown practice for certain manufacturers in Canada to sell goods not yet manufactured at a price which will not be known till the time of delivery. The sugar refiners and cotton manufacturers, for instance, are in the habit, when the market is rising, of refusing to take orders at then current prices, but offer to book the orders and fill them at the prices which shall rule at the

time of delivery. Now this is a purely gambling contract, running almost exactly in parallel lines with the worst form of stock-jobbing. But we have never heard of the legality of the practice being questioned in Court. No one can have any doubt of the desirableness of such legislation as will put an end to gambling in stocks and shares, in produce and manufactures. Especially is it to be desired that difficulties should be put in the way of speculating 'on margin.' Half of the world would be surprised to learn of what inveterate gamblers the other half consists. Clergymen, teachers, ministers of the crown, bankers, lawyers, and all those to whom we are taught to look for examples of life, are holding stocks in Toronto to-day on margins so slender that a single railway accident, a defalcation, or any one of a hundred events might sweep out their investments. The same persons would be very much offended if they were asked to take a hand at *vingt-et-un*, yet the game mentioned is of a less gambling nature than is the holding of stocks 'on margin.' But here, again, when the means of suppression come to be considered, a difficulty stares us in the face. Why is it more illegal to deal in stocks 'on margin' than to deal in hardware, groceries, or dry-goods on a margin? We suppose that there is many a prosperous merchant who holds his stock in trade by means of a margin of twenty, fifteen, or even ten per cent. It would be very difficult to show wherein stock-jobbing on margin is necessarily less reputable than carrying on trade on margin. So that, however much it is to be regretted that the spirit of stock-jobbing is infesting the community, it is to be doubted if any practical remedy can be looked for from the law. The reformation, when it does come, will arise out of the pressure put by the steady-going part of the community upon those who, in haste to get rich, take capital from businesses which cannot spare it, and then endeavour to make money from the rises and falls in a market outside of their influence, and in most cases beyond their comprehension."

REPORT OF THE SUPERINTENDENT OF INSURANCE.

THE above Report is now published in full, but as we gave a synopsis of it some months ago there is little of interest to add. The only new matter of importance we observe is that concerning the deposits for the protection of policy-holders, held by the Receiver-General in trust for the various insurance companies, sixty-nine in number, which on the 30th June amounted to \$7,032,377 in securities as follows:—

Canada stock	\$2,997,296
Canada sterling and currency debentures	148,746
United States bonds	1,592,000
British annuities	364,999
Cash in sundry banks	270,788
Montreal Harbor bonds	288,500
Municipal securities	1,175,076
Bonds and stocks of banks and incorporated companies	194,969

Total

The other features of interest have, as before said, been long since anticipated.

REVIVAL OF AMERICAN SHIPPING.

Is American shipping "kilt entirely"? It looks very dead just now, but in spite of this, in the *Princeton Review* for September Mr. GEORGE F. SEWARD takes up the much discussed question, how to revive it. After remarking upon the decline of the shipping interest during the war and its rapid and steady decadence since then, he adduces reasons for the belief that no marked increase of that interest can be looked for in the near future. The point is made that on account of the substitution of iron for wooden ships the United States cannot construct vessels as cheaply as England. The writer points out that the free-trade system, whatever else may be its effects, is more favorable to an exchange of products than the system of protection, and so tends to develop the shipping interest. It is suggested, as an additional reason for the view taken, that the carrying trade has actually passed into the hands of others, and is now held by them. Mr. SEWARD remarks that much has been heard of the protection of ship-builders, but nothing has been said about the protection of ship-owners, for whose interest chiefly the ship is built. He urges as a first step toward the revival of our carrying trade the repeal of all laws which limit ship-owners to the home market for the building and purchase of ships. This step should be followed by the removal of other regulations of a restrictive nature, such as those which require the employment of American officers and those which impose various high charges for registry fees, tonnage dues, etc. Although Mr. SEWARD believes the resumption of the American ocean carrying trade must be gradual, and is not to be regarded as immediately attainable, yet he thinks that it is far from impossible, and intimates that in many respects the last comer in navigation possesses certain advantages, as, for instance, in the improved construction of vessels and the lessening of the cost of running. Mr. SEWARD must be constitutionally a man of very sanguine temperament, but if resuscitation is to take place he has certainly hit on the methods, if any, of revival. The reminder that such a class as ship-owners exists, or should exist, as well as that of ship-builders, is well taken. Hitherto, for years past, the existence of the former has been wholly ignored in the framing and so-called amending of tariffs. And until ship-owners can make their power felt in Congress, or show that there is within the country the possibility of the existence, under proper legislation, of such a class, there will be no probability of American shipping holding any less ignominious position than it does to-day. The suggestions as to the removal of the necessity for the employment of American citizens alone, the registry obstacles, &c., are good, though only of secondary importance. But why foreigners, who are profiting so largely by the shortsightedness of Brother JONATHAN, should take so much trouble to point out to