

summed up in one sentence, "Gold has gone to a premium." The funds that Canadian banks have at their credit in New York, or in the hands of their agents there, are no longer at command. A premium of an amount varying with the exigencies of the hour has to be paid in order to make them available. The bearing of this state of things is both direct and indirect. The direct effect is upon the vast volume of our export trade, which in the month of August is generally at its very height. The amount of bills drawn against exports at this season of the year is very large, and the usual channel for negotiating them and turning them into money in New York. Through the operations of the Exchange market of New York, Canadian bills can ordinarily be turned into gold or its equivalent in twenty-four hours. This enables the banks to go on week by week supplying exporters with money for their bills, and facilitates the steady stream of export traffic on which so much of our prosperity depends. But the premium on gold in New York has put a stop to selling bills in that market, for neither bank nor exporter could afford to pay it continuously. The consequence is that gold has to be brought from England, which is the consequent of an arrangement with English bankers to begin with; then a matter of a couple of weeks' delay, and also of charges for freight, interest and insurance. All this has to be borne by the banks or the export trade. Consequently exports are being held back to a large extent, or, as an alternative, if exporting goes on, parties endeavor to borrow money from the banks rather than to negotiate bills of exchange. But this operation involves the drawing upon the funds which bankers hold for other purposes. The whole finally results in making money scarce and dear. There is, however, an indirect influence working in the same direction. A large volume of our exports is to the United States: not so much certainly as was the case a few years ago, but still a considerable amount. Now owing to the number of banking and mercantile failures in the States, our merchants and manufacturers in many cases are afraid to send their goods over, and for those which have been sent there is extreme difficulty in collecting the money against them. The New York banks which formerly made the collections at a small cost and almost automatically, now refuse to undertake the responsibility at all in many cases, all of which causes delay, prevents the free course of money and exchange back to Canada, and finally issues in a still further pressure upon our money market. There is a still further cause in operation in the same direction. Numbers of firms and business corporations in the States who cannot obtain supplies of money from ordinary sources, are now endeavoring to borrow money in Canada. Many of these are able to offer the best possible security, and are willing to pay a high rate of interest. It is probable that a large part of these applications have been declined. But many houses in the States have such intimate relations with concerns on this side that it was hardly

possible in all cases to refuse. Then the inducement of a high rate of interest for perfectly safe transactions could not be overlooked, especially if some of these offers were accompanied by a promise of permanent business.

All these causes combined have resulted in the stiffening of the rate for mercantile discounts to the extent of about one per cent., a movement which cannot be wondered at under the circumstances. One thing is clear, namely, that our banks so far have continued to supply all legitimate wants of their customers, even though they have had to do it at a sacrifice. It is fortunate that our banking system rests on totally different foundations from that of the United States, for had this not been the case there can be no doubt that the same state of things which prevails there would have prevailed here. The primary cause of disturbance in the United States is undoubtedly its absurd and unbusinesslike silver policy. But the bad effects of this policy have been enormously aggravated by the want of such an elastic system of currency as Canada enjoys. If the efforts of the Government of Canada some twenty-five years ago to introduce the American system into Canada had not been successfully resisted, we would unavoidably have had seasons of violent disturbance again and again, and have been in the midst of one now. It would not then have been the case of paying a trifle more for the use of money, but of the utter impossibility of getting it at any price, and the consequent stoppage of business in numerous quarters altogether.

ABSTRACT OF BANK RETURNS.

31st July, 1892.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up..	\$ 34,490	\$ 17,412	\$ 9,695	\$ 61,597
Circulation	16,144	10,597	5,748	32,489
Deposits	82,860	64,459	22,328	169,647
Loans Discounts & Investments....	105,485	74,344	32,884	212,713
Cash, Foreign balances (Net) and Call Loans.....	35,584	24,197	5,744	65,528
Legals	5,444	4,447	1,896	11,787
Specie	3,853	1,972	1,125	6,950
Call Loans....	6,695	7,930	1,285	15,910

31st July, 1893.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up	\$ 34,721	\$ 17,524	\$ 9,709	\$ 61,954
Circulation	16,849	10,768	5,956	33,573
Deposits	87,141	69,389	23,995	180,525
Loans, Disc'ts & Investments...	113,667	81,795	33,761	229,228
Cash, Foreign Balances (Net) & Call Loans..	33,515	22,357	6,836	62,708
Legals	6,080	4,288	2,289	12,607
Specie	3,865	2,115	1,117	6,597
Call Loans...	5,647	8,388	1,256	15,141

QUEBEC loses a good citizen and business man in the death of the Hon. Isidore Thibaut. For many years he has been at the head of one of the first wholesale dry goods houses in the Dominion, and at all times commanded the respect of Canadian business men.

A SPECULATIVE ELEMENT IN BUSINESS.

An origin for the present American crisis is universally found in the currency disturbances, and these have without doubt been a great element of disruption. But when we enquire most closely into the matter, is not another equally, if not more important, source found in the present business system of the United States? The institution of joint stock companies has made possible the gigantic strides in industry which have been made within the last half century. However, this system is not an unmixed source of good, since by opening up the way for speculation in business, it has laid the foundation of much disaster. The commercial interests of the country have all centered in the stock exchanges, and Wall street to a large degree dictates the business affairs of a nation. This might have formed a business advantage were it not for the fact that the men who here play the ruling part are better characterised as gamblers than as traders. Stocks and shares pass from hand to hand, while commodities are sold and re-sold only as objects of speculation.

Perhaps no interests have suffered by this system to a greater extent than have the grain and provision trades. For here wide fluctuations in price, as the result of speculative operations, are most frequent. The bears endeavor, and often in the most unprincipled ways, to weaken the market below a normal feeling, and then to secure produce at figures under the cost of production, while the bulls, for their purposes, in an equally dishonest manner, seek to inflate the market with appearances of strength. The *Mark Lane Express*, a leading authority on the subject, makes the bold assertion that the price of wheat is in no way affected by a question of supply and demand, but that it is regulated by gambling and dealing in futures and meddling with the market for the purpose of speculation. The height of success is only attained when a rival finds himself driven into a position from which there is no escape other than insolvency. We would not be disposed to waste much sympathy over the bankrupt, were it not that through his fall many honest traders must of necessity suffer.

This practice of business gambling has played a most disastrous part in the disturbance now taking place in the United States. A general feeling of distrust has been spread abroad, men withdrawing their confidence alike from good and bad concerns. Nor are we disposed to describe this as over timidity, since practices have of late been adopted in Wall Street which have an almost criminal savor. A few days ago certain individuals were accused of circulating rumors regarding the standing of mercantile and banking corporations for the purpose of facilitating bear speculations in the market. And now we hear of a hitherto reputable railway management denying that their organization is in any danger of bankruptcy up to the very moment when the concern passed into the receiver's hands. And further developments have shown that not only was the