

voluntarily placed it, and it seems to be admitted that it is at present more profitably employed in the business of banking than it would be in Government securities.

The undisguised object of the proposal is the greater safety which Government securities afford. There is a very simple answer. Why do not the individual shareholders place their money in Government securities instead of in bank stock? The answer we all know is because they expect to obtain higher interest by employing their money in the business of banking. What would be the effect of locking up in Government securities a large portion of what may fairly be described as working capital? It of course cannot be denied that the best-managed banks everywhere are exposed to losses from the insolvency of their customers. Such losses in the aggregate are a charge on the gross profits of the business, which have likewise to bear the cost of management, which is considerable. This last and very formidable item would not be reduced in amount by the employment of a large portion of the bank's means in fixed securities at low interest, but it would fall on a much smaller capital, and would therefore bear heavier on the shareholders.

The *Star* itself admits that the result of his proposal would be to divert \$18,479,129, which is the present aggregate amount of the banks' rests, from commerce and to place it in Government securities. We have no right to assume that the bank loans to their customers could be reduced without injuriously affecting the trade of the country, and we must, therefore, conclude that as a necessary consequence new banks would be established, so that the result of the operation would be to withdraw from banking business the rests of our leading banks, and to encourage the establishment of new ones at great risk to the community. There is no reason whatever that we can discover for interfering with the management of our banking institutions through directors elected by their own shareholders, and we shall be much surprised indeed to find that the leading bankers are favorable to such a proposition.

LOW PRICES.

The farming community are loud in their complaints about the low prices of wheat and other grain, and in consequence seem determined to hold it over until spring or for higher prices. No one will

gainsay the right of the farmer or any other man to do what he likes with his own property as long as he does not interfere with the rights of others. In the present condition of things however, the farming class is indebted to the country storekeeper for supplies long since consumed, and the property which they withhold from the market really belongs to the merchant who advanced them his goods on the security thereof, a security which, although not in black and white, is no less real. The position of the farmers is much better than last year or for many years past, for although wheat was worth \$1.15 to \$1.23 a year ago, and is now quoted as low as 76c. in Toronto and 82c. to 85c. in Montreal, the farmer has threshed out from twice to three and even four times as many bushels to the acre as last year. But wheat is not the only article which has fallen off in money value. Merchandise of nearly all kinds is much cheaper. Sugar (granulated) for example has dropped during the twelve months from 9c. or 9½c. to 6½c. wholesale, and cotton and woollen goods have fallen in about equal proportion. Indeed there are few articles of ordinary consumption that are as high in price as they were a year ago, except perhaps dairy produce. The farmers, of course, are not likely to forget that the debts incurred a year ago, more or less, were for goods at a much higher price than to-day, but here they are using the best possible argument in favor of short credits. The farmers—and the manufacturers no less—have probably observed that the tendency in prices is downward, and simply because of the gradual increase in the use of labor-saving machinery whereby one man may now do the work of six in former years, and while this great increase in the products of field and factory is going on, there is no proportionate increase in the number of consumers. The farmer should be content that by means of the great inventions of the age he is saved much hard labor, and can almost defy the elements in gathering his crops, while in the lighter labor of the field he may preserve himself to a longer enjoyment of the fruits of his labor. A youth can now a-days drive a Reaper and do the work for which several able-bodied men were required in former years to swing cradles at high rates of wages. The railways, too, approach the farmer's doors, and he saves—or should save—in many ways what he was obliged to disburse in former years. The existence of too many stores and the consequent over-competition in each locality, enable the farmers to obtain a

credit which is neither healthy for themselves nor the country merchants, and the sooner some remedy is devised by those who have the power—the wholesale dealers perhaps—the sooner will disappear the anomaly of dull times and everybody indebted to somebody else, while the country is blessed with an abundance of the means to liquidate this indebtedness and restore trade to its normal condition. Other causes of depression are insignificant compared with the evils we have briefly stated.

AN ABSORBING TOPIC.

Although there are no signs of any immediate improvement in the wheat markets of the world they are nevertheless replete with a peculiar interest, which is rendered all the more remarkable from the fact that values continue to rank among the lowest of the nineteenth century, notwithstanding the innumerable arguments advanced during the past six months to prove that the centre of depression had lifted, and that better times were about to dawn. Among the latest attempts to disperse the deepening gloom is the following despatch from Europe: "The harvest in Russia has been greatly damaged by the unfavorable weather, the provinces in the East having suffered especially. In the Baltic provinces the harvest has to a very large extent been lost, and in consequence of the frost potatoes have given only a third of their usual yield. This, it is said, will have a great effect on Russian exports, although at present they have not felt it, the export trade being brisk, especially from Southern Russia." To our minds this intelligence is altogether of too contradictory a nature to deserve credence. For instance, if in the Baltic provinces of Russia the harvest has been of such a disastrous nature as is intended to be conveyed, allow us to ask how it is that the export trade from both the Baltic and Black sea ports continue to be as brisk as they are, when prices are so exceptionally low? The mere fact that Russian shippers manifest such anxiety to place a considerable portion of their wheat before their Northern and Southern ports are closed by ice, simply confirms previous reports of the good average yield which Russia was credited with. Nor is it Russia alone that is crowding the English markets with cheap, very cheap, aye, dirt cheap breadstuffs, as India, Persia, Asia Minor, Australia, South and North America, are now fairly in a break-neck race to get their wheat cargoes into British ports,