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AND TRADE REVIEW.

TORONTO, CAN. FRIDAY, JUNE 21, 1872.

### NEW COMPANIES.

A glance at the legislation of the past session at once creates the impression that a remarkable and most wholesome change has come over the spirit of our dreams within the past five years. One hundred and eighteen measures received the sanction of the Dominion Parliament, and of these no less than ninety-four, or 80 per cent. of the whole, related to railway, banking, commercial, and other business interests. Thirty-five bills were passed either to incorporate railway companies or to amend or extend the powers of those before incorporated; ten new banks were chartered, also five insurance companies, and three financial companies. The proposed new banks are:—Bank of Acadia, Bank of St. John, Maritime Bank, St. Lawrence Bank, Bank of Hamilton, Exchange Bank of Canada, Bank of Manitoba, Superior Bank of Canada, Bank Ville-Marie, and Halifax Banking Company. There is good reason to anticipate that at least six of the bank charters will be utilized at once, and that we shall therefore soon have a most important addition to the list of our banking institutions, the increase in number being twenty-five per cent. This, as the result of one session, must be regarded as sufficiently progressive. Capital has already been pledged for four or five of these Banks; and should they all be organized, they will necessitate the addition of say \$10,000,000 to our present banking capital, and this would give us a total for all the banks of not less than sixty millions of dol-

lars. In view of this prospect some apprehensions are entertained of a plethora of bank capital, and consequent unsound banking and undue competition, which would tend to promote speculative enterprises and create an unhealthy condition of trade.

Such an extension of bank capital can only be rendered profitable by a corresponding expansion in the volume of our trade. Whether there is reason to expect such a development is a question doubtful at best; in fact some of the soundest thinkers are apprehensive that banking is about to suffer greatly from being overdone. It is a common mistake to suppose that banking as a business is a most profitable one; it is only such under the best management. A Bank without a Head is much like a ship without a helm; and by a Head we mean a man of known and decided business talents, strongly marked character and successful experience. It is as easy to point to the men who have made all our really successful banks as it is to call over the names of the institutions themselves. It is quite possible in prosperous times to manage an institution so as to perpetuate a sickly sort of existence; quite as easy as to navigate a vessel in calm water. But in times of crises it is altogether another affair. Then the maturest judgment and the stoutest nerves are often taxed to the utmost, to escape from difficulties that are sure to crop up in the most trying forms; then troubles are met where least expected in such strange and unheard of shapes as to exhaust every resource of tact and ingenuity; with a Scylla or a Charybdis on either side only the most experienced pilots and the most skillful navigators may hope to get on safely. We trust that investors will not rush recklessly into every scheme that interested promoters may choose to put forward; because a number of gentlemen, however respectable, choose to associate themselves as corporators of a banking institution that is no proof of their ability to skillfully manage such an undertaking or earn dividends for the shareholders. These new banks will have to encounter the opposition of the older institutions, who have the advantage of being first in the field, strong in the confidence of the public, with established connections, and fully able to take all the really sound business that offers. These facts should be duly weighed in entering upon the new projects now seeking public recognition.

Of the fire insurance companies chartered, four at least will most likely be organized during the next six months. The names are:—Anchor Marine Insurance Company, Inland Marine and Fire Insur-

ance Company, Canada Agricultural Insurance Company, Accident Insurance Company of Canada, and the Manitoba Insurance Company. But a very moderate amount of capital will doubtless suffice for these projects, as the requirements of their charters under this head are unquestionably liberal.

### PACIFIC RAILWAY CONTRACTS AGAIN.

The very decided objections taken in our issue of a fortnight ago to the construction of the Pacific Railway by companies composed largely of members of Parliament, have met with much disapprobation—but only among those pecuniarily interested. Various pleas have been presented in mitigation of sentence; but no attempt has been made to answer what has been alleged, for the simple reason, doubtless, that no answer is possible.

It is argued that without the aid of those reculant representatives of the people the work would be impossible of accomplishment with Canadian resources. This defense amounts at best to the pernicious fallacy "Let us do evil that good may come." Those who attach any weight to this exculpatory allegation seem to lose sight of the facts of the case. Anyone who will take the pains to read carefully the legislation on the subject will see that it is the taxpayers of Canada who are principally responsible for putting this job through. True, the contracting company is required to deposit a million dollars with the Receiver-General, and whether that deposit be merely temporary or not, either capital or credit will be required to raise it. That it will be merely a temporary deposit is apparent from the fact that so soon as the work is fairly under way the Government are empowered to make advances on account of the subsidy. In the meantime the Company is authorized to pay interest on the capital so deposited, though it has earned nothing out of the capital itself—an arrangement which will tend very much to facilitate the operation of raising this capital. A temporary loan is clearly what is wanted, and that, in the existing state of the money market, and in view of all the "good things" in store in the future for the banking institution that becomes associated with the enterprise at the start, should not be difficult to obtain. To assert that there are not business men in Ontario or Quebec who would willingly take such an operation in hand, without including members of Parliament, is simply to say what no one who gives the subject a moment's intelligent thought will believe. The plea is therefore utterly bad and unsupportable.