

THE INTERCOLONIAL RAILWAY LOAN.

When Mr. Holton and others in the Canadian House of Commons were led, by mere party spite, to make unpatriotic comments on what they were pleased to term the misapplication of trust funds by the Minister of Finance, we considered the explanation they afforded by the Government relative to the use made of the Intercolonial Railway loan so satisfactory as to call for no further remark. Although the strictures of the Opposition were calculated to do little except, perhaps, injure our credit, yet these were justifiable on constitutional grounds. We are, however, not disposed to extend the same leniency to those in the Imperial Parliament who undertook to lecture Canada on financial management. The speech of Mr. Monsell not only provoked an angry rejoinder from our Premier, but gave rise to a correspondence between the Dominion and Imperial Cabinets. Although the correspondence was not placed before the English House of Commons, a member of that body, Mr. Aytoun, thought fit again to bring the subject forward; and, forgetting that under the Act of 1867 Canada is not bound, in the slightest degree, to render an account of the way in which she manages her finances to Great Britain, moved a resolution—

"That this House is of opinion that the application of money raised under the Imperial guarantee, in pursuance of the Canada Railway Loan Act, 1867, to a redemption of a portion of the debt of the Canadian Dominion, is contrary to the intention of that Act; and that no further guarantee should be given by the Commissioners of Her Majesty's Treasury under the above Act, except in such form and manner as shall insure the direct application of the money so guaranteed to the construction of the Intercolonial Railway."

This resolution was intended to be a vote of censure on the Government of Canada. Mr. Hunt, in reply to Mr. Aytoun, put the matter in a clear light. He said:

"The Act imposed no duty on the Imperial Government to see to the *ad interim* investment of the money, and he maintained that it was no part of the Imperial Government's business to impose on the Canadian Dominion any conditions on that point beyond those contained in the Act. Supposing they were satisfied that all the prescribed conditions were fully complied with, it appeared to him that it was the duty of the Imperial Government to give an absolute guarantee. That was the view taken at the Treasury at the time, and he had no reason so suppose that it was not a sound one. What appeared to be the intention of the Act was, that there should be a separate account kept, and that all the money invested should be invested for the purposes of a railway; and if these investments were made in good securities until the money was wanted for the railway, and a proper account were kept, it

seemed to him that the Act would be satisfied."

Mr. Baring showed that when the loan for the making of the railway was proposed to be guaranteed by the Imperial Government, the idea was "scouted" that the Imperial Government should exercise any interference in the disposal of the money. He thought Mr. Rose had acted very judiciously in the way in which he had employed the money, and the whole amount had been placed in securities on which he could borrow again or sell, if desirable. If the guarantee had been accompanied by such restrictions as the mover of the resolution thought desirable, either the guarantee would have been declined, or, if accepted on those terms, it would have been made more onerous for Canada to carry the arrangements into effect, and more difficult to fulfil the objects of the Act. In consequence of the operations of Mr. Rose, the charge incurred in consequence of the loan would be much lightened, and the general result of the transactions was extremely successful. Mr. Gladstone said—

"He was extremely desirous of saying that as far as Canada was concerned, there was no imputation against her whatever in regard to the pecuniary operations. Indeed, he should no more think of casting doubt upon the good faith of the Government or Ministers of Canada than he should of casting doubt on the good faith of the Government or Ministers of this country. In that place both Governments ought to be recognized as standing on one and the same footing, and topics of such a nature ought to be excluded from discussions like the present. It was perfectly true, however, that there was such a thing as punctuality in complying with the provisions of an Act, and any neglect in such compliance might deserve the censure of the House."

The Imperial Government was made aware, as a matter of courtesy, of Mr. Rose's intentions, and had laid before it in May a statement showing the absolute safety of the loan, and that the whole guarantee fund could be repaid without the slightest inconvenience. Canada had \$2,750,000 in the hands of their bankers, a further deposit of \$1,500,000 at 4 per cent., \$2,900,000 in the hands of Baring & Glynn; India bonds lodged with Barings worth \$750,000, Great Western Preferential securities, \$2,700,000; deposits by insurance companies, \$1,500,000; receipts for post-office savings banks, \$600,000; bonds purchased in anticipation of the requirement of the Intercolonial sinking fund, \$270,000. And over and above the foregoing means, special credits for the express purposes of meeting any possible call on Intercolonial account, rest with Messrs. Baring & Glynn, \$1,250,000; the Bank of Montreal, \$2,500,000. The entire guarantee fund only amounted to \$10,431,983.18, from which must be deducted \$388,739.68 expended on works

and negotiating loan; so that to cover the balance of \$10,000,000, the Dominion had assets readily convertible, or cash credits to the extent of \$16,670,000.

PROVINCIAL INSURANCE COMPANY.

The annual meeting of this Company will be held shortly and every preparation is being made for a thorough overhauling of its affairs. There is great dissatisfaction with the management—no one who has read our remarks upon it will be surprised at that—and, so far as we can learn, there is a determination, in more than one quarter, to have a change or precipitate liquidation. When we think of the chances that the Provincial had, of the influence of its proprietary, of the large sections of country controlled by that influence, of the outrageous mistakes made from the outset of its career, of the absurd management which has characterized it up to the present moment, we can but attribute its misfortunes to an imbecility of the intensest character, an imbecility so astonishing as to be unique. In 1859, the Provincial had a subscribed capital of \$1,986,080, in 1868 that amount had dwindled down to \$470,760. We understand that its business has fallen off to a serious extent. No wonder. When we first appealed to the management to set their house in order, our advice was treated with affected contempt. Had a proper effort then been made, we should have a better state of affairs to-day. Although disposed to deal leniently with a local institution our motives were aspersed and when we were forced by the appearance of statements manifestly intended to hoodwink the public, to prick the bubble, we were answered by threats of prosecution for libel. Notwithstanding, we are not inclined to gloat over a falling antagonist. The consciousness of having performed a disagreeable duty will compensate for temporary misconstruction of motive, and if the shareholders will only take the trouble to attend the meeting about to be held and insist on a thorough investigation of the Company's affairs, we shall feel that we have not written in vain. The day of artificial figures and dissolving-view statements has gone by, and the public have been deceived too often of late to patronize an insurance company in which they cannot have confidence, no matter how respectable its directors may be. If the company has life in it, stir it up; if not close up at once. The half-dead and-alive system of doing things has brought a great deal of contempt on some Toronto undertakings.

THE annual meeting of the Gore Bank will be held next week. It is said that the question of immediate liquidation will be brought up for discussion and settlement.