

# The Monetary Times

## AND TRADE REVIEW,

With which has been incorporated the "Intercolonial Journal of Commerce" of Montreal, the "Trade Review" of the same city (in 1870), and "The Toronto Journal of Commerce."

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EDWD. TROUT, MANAGER.

TORONTO, CAN., FRIDAY, NOV. 23, 1883

### BANKING REVIEW.

The figures of the October Bank Statement will be found, in condensed form below, and are compared with those for the previous month :

LIABILITIES.		
	Oct., 1883.	Sep., 1883.
Capital authorized....	\$69,896,666	\$69,646,666
Capital paid up.....	61,794,375	61,570,057
Reserved Funds.....	17,615,724	17,567,718
Notes in Circulation..	35,563,243	33,145,845
Dominion and Provincial Gov't deposits...	6,316,585	7,059,520
Deposits held to secure Government contracts and for Insurance Companies.....	1,121,212	1,078,578
Public deposits on demand.....	45,714,948	44,703,193
Public deposits after notice .....	53,280,708	53,582,978
Bank loans or deposits from other banks secured.....	214,000	250,000
Bank loans or deposits from other banks unsecured.....	1,875,683	1,851,586
Due other banks in Canada.....	1,326,174	1,555,983
Due other banks in Foreign Countries...	79,158	107,100
Due other banks in Great Britain.....	1,566,893	1,836,078
Other liabilities.....	207,886	278,604
Total liabilities ..	\$147,266,495	\$145,449,469
ASSETS.		
Specie.....	\$6,723,187	\$7,081,603
Dominion notes.....	10,648,286	10,347,785
Notes and cheques of other banks.....	6,484,273	6,041,657
Due from other banks in Canada.....	4,087,940	3,435,564
Due from other banks in Foreign Countries.	13,651,969	14,362,621
Due from other banks in Great Britain....	3,697,048	3,489,351
Immediately available assets .....	\$45,292,703	\$44,758,581
Dominion Government debentures or stock.	900,722	900,722
Public securities other than Canadian.....	1,348,172	1,203,971
Loans to Dominion & Prov. Governments..	2,813,853	1,810,741
Loans on stocks, bonds or debentures.....	11,102,655	11,100,000
Loans to municipal corporations .....	1,405,185	1,664,293
Loans to other corporations .....	15,136,133	13,225,936
Loans to or deposits made in other banks secured.....	276,488	498,107
Loans to or deposits made in other banks unsecured .....	626,056	921,274
Discounts current ....	140,417,530	141,171,448
Overdue paper unsecured .....	2,022,648	1,993,679
Other overdue debts unsecured .....	222,775	93,536
Notes and debts overdue secured.....	2,054,855	2,067,211
Real estate .....	1,169,167	1,140,549

Mortgages on real estate sold .....	768,769	760,366
Bank premises .....	3,140,009	3,112,105
Other assets .....	2,141,135	1,887,825
Total assets.....	\$230,908,776	\$228,410,357
Average amount of specie held during the month .....	6,617,992	6,838,056
Av. Dominion notes do.	10,269,582	10,615,693
Loans to Directors or their firms .....	7,980,190	.....

We present our usual abstract of figures relating to groups of banks in Ontario, Quebec and the Maritime Provinces respectively, compared with the figures of last year, at a like date :

31st Oct., 1882. [In thousands.]				
Description.	Banks in Quebec.	Banks in Ontario.	Banks in Maritime Provs.	Total.
Capital paid up ..	\$ 36,704	\$ 17,530	\$ 6,487	\$ 60,721
Circulation .....	20,368	13,493	4,079	37,940
Deposits .....	57,552	43,023	9,775	110,353
Loans & discounts..	98,527	66,930	18,579	184,026
Cash and foreign balances (Net)...	1,987	7,662	1,820	29,469
31st Oct., 1883. [In thousands.]				
Description.	Banks in Quebec.	Banks in Ontario.	Banks in Maritime Provs.	Total.
Capital paid up....	\$ 36,791	\$ 18,310	\$ 6,694	\$ 61,795
Circulation .....	18,728	12,387	4,448	35,563
Deposits .....	54,478	41,206	10,748	106,432
Loans & Discounts.	92,348	65,445	19,523	177,316
Cash and Foreign Balances (Net)...	21,941	8,874	2,259	33,704

Although the above statement presents no very remarkable features, it cannot be denied that there is a vague under-current of uneasiness at work in financial circles. The position is far indeed from being what some detractors of Canada are representing it to be—the wish, probably, being father to the thought. So respectable a newspaper as the *London Standard* recently gave utterance to most unfounded reflections upon the Canadian banks, representing them, as a whole, as being in a very unsound position. Amongst other things objected to, is the comparatively small amount in gold and specie, as compared with total liabilities. The Canadian banks carry, at all times, far more specie, in proportion to their liabilities, than the ordinary joint-stock banks or private bankers of London do. These latter have very large available reserves in proportion to their liabilities, as is perfectly well known, but these reserves consist only in very small part of gold and silver. By far the larger part consists of balances due them by the Bank of England, and of the notes of the Bank of England, which are a legal tender by law. This division of the available resources of the English banks corresponds almost exactly with that of the banks of Canada, with this exception—that the latter have far more actual specie on hand. The reserves of the Canadian banks consist, in the first place, of specie—in the second place, of legal tender notes of the Government, and in the third place, of balances due them by other banks or banking agents either in Canada or abroad.

It is a common fallacy to suppose that the notes of the Bank of England are all based on an actual holding of gold, pound for

pound, in the vaults of the bank. This is very far indeed from being the case. Of the total notes issued by the bank, no less than £15,750,000 is secured by the Government debt and other securities in the hands of the bank. It is only for the issue, over and above this amount, that gold is held pound for pound. It would therefore be as much to the purpose for an English newspaper to attack the credit of the joint stock banks of England on the ground of their carrying so little specie, as it is to cast discredit, with an utter absence of reason, upon the banks of Canada. So far as reserves to meet liabilities are concerned, the banks are in a good position, as a whole, and considerably stronger than they were a year ago. On 31st October, 1882, their position was as follows :

Circulation .....	\$ 37,940,000
Deposits.....	110,350,000

Total Liabilities .....\$148,290,000  
Cash, and net bank balances (at home and abroad.....\$ 29,469,000  
the latter being 19.87 per cent. of the former.

The position on 31st October of this year is	
Circulation .....	\$ 35,563,000
Deposits.....	106,432,000

Total Liabilities .....\$140,995,000  
Cash and net bank balances ..... 33,704,000  
showing a percentage of 23-73.

The position, therefore, so far as reserves are concerned, is very much better. But, after all, the real test of a bank's position is in its loans and discounts. It is there that the whole secret lies. Bank returns can never give anything but a small approximation to the real truth about the position of any particular bank. They can only tell us the barest generalities. The generalities, in truth, are very useful to bankers in judging of one another; they are useful, also, as a whole to those who desire to estimate the growth, or otherwise, of the country in respect of wealth, extent of business, &c., as measured by circulation, deposits and discounts from time to time. But it is mere dreaming to imagine that a person can actually gauge the real position of a bank by scanning, or even by minutely dissecting these bank returns. A bank may present a very fair appearance in the *Canada Gazette*, while its real position is becoming so impaired as to approximate to insolvency. And why? Because no return whatever can give any idea of the *quality* of the loans and discounts. It is only totals that can be given in bank returns. The totals, sooth to say, are divided and sub-divided, with the idea that such a classification will throw some light upon the quality of a bank's business. But this notion is not free from delusion. For any good they do, some of these multiplied divisions and sub-divisions might just as well be abolished.

In the United Kingdom, the only bank that publishes returns at all, except of circulation, is the Bank of England. And its statement comprises just those broad generalities which financiers are interested in. All that the English and Scotch banks are required to tell the public and the Government is the amount of their circulation, and this, in order that it may be seen whether the provisions of Sir Robert Peel's Act are being complied with, which fixed the circulation of all banks, except the Bank of