THE CANADIAN MONETARY TIMES AND INSURANCE CHRONICLE *is printed every Thursday evening and distributed to Subscribers on the following morning.*

Publishing office, No. 60 *Church-street,* 3 *doors north of Court-street.*

Subscription price—

Canada $2.00 *per annum.*

England, stg. 10*s. per annum.*

United States (U.S.Cy.) $3.00 *per annum.*

Casual advertisements will be charged at the rate of ten cents per line, each insertion.

Address all letters to "THE MONETARY TIMES."

Cheques, money orders, &c. should be made payable to J. M. TROUT, *Business Manager, who alone is authorized to issue receipts for money.*

☞ *All Canadian Subscribers to* THE MONETARY TIMES *will receive* THE REAL ESTATE JOURNAL *without further charge.*

The Canadian Monetary Times.

THURSDAY, APRIL 29, 1869.

MR. KING AND THE NEW BANKING SCHEME.

As it is well known that Mr. King, the manager of the Bank of Montreal, is, if not the prime mover, at least the active and energetic promoter of the proposed new system of banking with which we are threatened, it may be instructive to endeavour to discover the motives which prompted his new line of action. His Provincial note venture fully equalled his expectations, as he took care to have the manipulation of the legal tenders himself, and the Bank of Montreal, of course, profited enormously by it. The country was robbed, the other banks were threatened and the Bank of Montreal reaped all the benefit. Mr. King is too able a manager either to suggest or support any change which would bring disadvantage to his institution, so we may take it for granted that no banking scheme would number him among its supporters, if it were likely to deprive the Bank of Montreal of its vantage ground or of its immense profits. Last year that bank added no less than $250,000 to its rest. At the Annual Meeting Mr. King said "the Committee of the Legislature *might* introduce a different banking system and I think it of very great consequence that our rest be increased so that we may be able to meet any phase of the question". This statement was made so long ago as June last. Mr. King must have had, therefore, a pretty fair idea of what was coming, and it is now generally understood, that he has had a hand in framing or revising the proposed Government measure.

The Bank of Montreal is a wealthy institution. It has to work with

Capital paid up	$6,000,000
Circulation	288,000
Deposits	14,015,000
Total	$20,302,000

Its money is thus invested,—

Coin, Provincial and other bank notes	$3,775,200
Government securities	92,400
In hands of foreign bankers	5,494,600
Bills discounted, real estate and other debts in Canada	13,235,800
Total	$22,598,000

This shows a surplus of $2,295,000, or over 38 per cent. above its whole capital.

All the other banks have the following amount to work with:—

Capital paid up	$24,788,300
Circulation	9,617,500
Deposits	22,961,200
Total	$57,367,000

Their money is thus invested,—

Coin, Provincial and other bank notes	$7,936,200
Government securities	3,025,800
In hands of foreign banks, bills discounted, real estate, and other debts in Canada	47,417,900
Total	$59,226,900

The proportion which these investments bear to the capital, and other funds placed in their hands, to work with, may be thus stated:

	B'k of Montreal.	Other B'ks.
Coin and notes,	18⅓ p. c.	14 p. c.
Government securities	½ "	5⅓ "
Investments with foreign banks	27 "	1⅓ "
Investments in Canada	65⅓ "	82¾ "

In giving these figures, we would again remind our readers of what has already been shewn in these columns, that they are no criterion of the relative strength of the Bank of Montreal and the other banks, because the Bank of Montreal, as financial agent of the Government, is at any moment liable to be called on to redeem a very large proportion of the Provincial notes in the hands of the other banks, and in circulation.

We presuppose that the proposed scheme of banking is, substantially, that the whole of the banks shall deposit the amount of their circulation with the Government, and, in consideration thereof, that the banks shall be allowed six per cent. interest on that amount by the Government, and that the Government shall redeem the debentures at present held by the banks, and guarantee the whole circulation of the country; the banks, as at present, redeeming their circulation and deposits, in specie, on demand. Under this scheme, if adopted, the banks would have to hand over to the Bank of Montreal, as financial agent of the Government, an amount equal to their circulation, or say $9,617,500. Where is this sum to be obtained? According to the best authorities the banks would still have to hold one-fifth of their deposits available in actual specie, unless they followed the example of the Bank of Montreal, and called their own notes or "Provincial notes," specie, so that they could only spare out of their present cash about $3,300,000. Then they have the Government debentures, $3,025,800, and the balances with foreign banks, $847,000. These three items make a total of $7,172,800. But between this sum, and the amount of circulation as above stated, ($9,617,500) there is a difference of $2,444,700, which would have to be raised in some way, and the only way would be by reducing discounts. So that at the first start off the already contracted discounts would have to be reduced, at once, by about two millions and a-half of dollars. This is putting the matter in its most moderate light. A bank could not leave itself without a considerable sum in its vaults for general use; so that the margin, so held by each bank, would, in the aggregate, amount to a great deal which would necessarily reduce discounts still further. Then, if they deposit with Government, the full amount of their maximum circulation, the evil would be increased immensely. What does our commercial community think of a prospect so pleasant? The point is simple and clear, and the figures given show, in a slight degree, a portion of the immediate effects. The banks will have to pay nine and a-half millions, and having only seven millions to pay it with, must needs make up the balance by contracting discounts to the extent of the difference. What say our merchants? What say all the new railway companies, and those about to launch out into new enterprizes? The New York *Financial Chronicle*, speaking of the experience of the New York merchants under the National Bank system, says: "A special cause of embarrassment to business has also arisen from the abnormal condition of our currency system, resulting in frequent spasms in the money market, and rendering it impossible for merchants to get needful accommodation from the banks; this difficulty having been but little less felt in the country gene-