

1871

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BRYCE, McMURRICH & CO.

Toronto, March 2, 1871.

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**THE
Monetary and Commercial Times.**

WITH WHICH HAS BEEN INCORPORATED

THE MONTREAL TRADE REVIEW.

TORONTO, CAN., FRIDAY, MARCH 3, 1871.

BANK RETURNS FOR JANUARY.

There seems every likelihood that the year we have now fairly entered upon will be a most important era in the political and commercial history of the Dominion. The large appropriation by the Provincial Legislature towards the extension of railways into the newer settlements, is a gratifying and significant fact. Of the enterprising spirit at work in these new districts the following incident is an illustration: A deputation, who came down from Muskoka to see the Government on this question, in order to get the necessary local guarantee, returned to Muskoka, travelling through the night, called a meeting, in a few moments, secured the essential support, having made the journeys, resting only at the meeting. We are informed that there are a number of settlers coming out shortly—young farmers with capitals of from \$2,000 to \$5,000, and that the emigrants this year are, on the whole, more likely to be of service to the country than has been the case for some time past, the war excitement having given employment to the East London artisans and laborers.

The returns issued of last year's imports and exports show an increase of both. The chief features are the excess of imports over the previous year from Great Britain of \$3,000,000, and the continued falling off of those from the States, while the exports to the States continue to increase. Since the abrogation of the Reciprocity Treaty, the balance

of trade with the United States has been reversed; while that existed, the States were larger exporters to the British North American Provinces, than we to them, but since, Canada has exported to that country considerably more.

The following statement shows the relative amounts for the last two years of imports from and exports to the United States:

	1868-69.	1869-70.
Imports	\$25,477,975	\$24,628,166
Exports	27,846,461	32,984,652

The value of goods which passed last year through the States to direct consignees here was \$11,600,000, and goods purchased in bond over \$3,000,000, making a total of nearly \$15,000,000 imported into Canada through ports of the United States. This item has an important bearing upon the question now under discussion as to the enlargement of our canals; and we have reason to believe that the Commission, in its report, will advise such an improvement of the present canals as would place Canada in more direct communication with the ports of Europe, and render her waters the channel for carrying off the vast grain harvests of the West. There is a movement being initiated to put on steamers from this port to Liverpool, a responsible English firm having offered to find the boats if the merchants here will guarantee cargoes, and the freights required would be a considerable percentage below the present rates. We are assured by a practical authority of very wide experience, that boats could be put on, good for ocean voyages, of 180 ft. in length, 500 tons cargo, which would pay 20 per cent. and allow a reduction on current freights of one-fifth. Toronto is, however, the furthest point west to which such boats could run and pay.

The following is the official return for the Banks of Ontario and Quebec to 31st Jan., 1871:—

Authorized Capital.....	\$39,466,666.	
Paid-up Capital.....	30,469,431.	
LIABILITIES.		
	Jan. 31, 1871.	Dec. 31, 1870.
Circulation.....	\$17,776,456	\$17,829,414
Due to other Banks.....	1,897,385	1,780,430
Deposits not at interest.....	17,482,849	18,412,938
Deposits at interest.....	32,904,050	31,798,260
Total Liabilities.....	\$70,660,740	\$69,821,042
ASSETS.		
	Jan. 31, 1871.	Dec. 31, 1870.
Specie.....	\$15,222,768	\$13,629,598
Landed or other prop'ty.....	1,687,223	1,668,834
Government Securities.....	4,442,502	5,162,748
Notes of other Banks.....	2,535,471	2,409,779
Due from other Banks.....	9,728,306	9,774,919
Notes discounted.....	72,459,403	72,430,690
Other Debts.....	2,035,358	2,043,071
	\$108,111,033	\$107,120,539

There is little to excite remark in these figures, comparing the last two months, but if they are placed by the side of the returns for same date last year, the contrast is very

striking. Discounts in January 1870 were only \$56,800,000; an increase near upon \$16,000,000 in one year, or more than 25 per cent., suggests the enquiry whether this is wholly based upon legitimate trade? That a very large proportion is we are convinced. At the same time, that a strong disposition to trade beyond capital is being developed in some quarters, and that too great facilities are given for speculative buying by the long credits allowed and renewals thereon, there is too much reason to fear. The large imports of last season now weighing heavily upon many merchants, both in stocks and uncollectable accounts, will surely prevent an over sanguine estimate being made in the purchases for the coming year. We cannot too often, or too urgently enforce upon merchants the necessity, for their benefit and that of the retailers they supply, of making purchases not to the extent of what they can half pay for, but only to the extent that they can sell to advantage and promptly collect returns for.

The inconvenience arising from the currency of Nova Scotia, having a different basis to the rest of the continent, and the trouble and expense incurred in handling the notes issued by the New Brunswick banks is becoming of serious import to our merchants and bankers, and will doubtless lead to some legislative action. We propose to deal with these questions in a subsequent article and offer some suggestions calculated to remove some objectionable features in the present condition of the Dominion Currency.

RAILWAY FINANCE.

When the first railway charters were granted in Canada, there seems to have been a notion that the Companies would be likely to make too much profit, and that their earnings, over and above a fixed dividend, formed a fair subject of taxation. More than one charter provided that a moiety of the net earnings, over a dividend of ten per cent., which should have been paid ever since the work of construction commenced, should go into the public exchequer. In other cases the tariff was to be regulated by the amount of yearly dividend. It is not necessary to say that these clauses never became operative. The following embrace the various phases of railway finance which have been resorted to in Canada:

1. Authority given to Government to issue debentures by way of loan to railway companies. This authority was given long before any company was in a position to avail itself of the offer.

2. Authority to grant a like loan with a provision that if the company did not pay the interest on the Government debentures,