

## BANK RETURNS.

THE following are the bank returns for the month ending October 31, 1895:—

LIABILITIES.	
Notes in Circulation	\$10,954,837
Balances due to other Banks	917,994
Deposits not bearing interest	12,895,431
Deposits bearing interest	11,473,365
ASSETS.	
Coin, Bullion and Provincial Notes	5,298,201
Landed or other property of Bank	15,312
Government Securities	5,373,312
Notes or Bills of other Banks	1,701,605
Balances due from other Banks	5,359,182
Notes and Bills discounted	44,448,381
Other debts	2,485,930

Comparing these returns with those for the month previous, we find that the note circulation of all the banks (except of the City and Montreal, which is a trifle lower, and the Bank of Montreal, which has been reduced \$4,949) has been increased in some instances, very largely, the total gain on all the banks being \$1,059,618. The circulation of the Commercial has increased \$231,000, of the Bank of B. N. A. \$218,000, of the Bank of Toronto \$32,000, of the Ontario \$276,000, and of the Royal Canadian \$161,000. What the amount of Provincial Notes in circulation may be, we have no means of knowing, but presume, if added to the bank circulation, a large increase in the total circulation would appear.

Deposits show a gain of nearly \$200,000, the increase being on those not bearing interest.

In specie and legal tenders, there is an increase of \$673,316. These are returned as one item but to be of a value to the public should be given separately.

Government securities have decreased \$2,105,400, with which amount the Bank of Montreal has parted. Discounts have increased 917,000, the Bank of Montreal, Commercial Bank, Bank of Toronto, Ontario Bank, and Bank of B. N. A., taking the lead and extending their discounts \$1,200,257, some of the others having adopted an opposite course.

The gross earnings of all the banks for the month would appear from the returns to be \$121,633.

## BUSINESS IN THE UNITED STATES.

THERE are now and then uttered in various quarters mutterings about the condition of business in the United States, to the effect that it is impossible for the present condition of things to continue much longer, and that symptoms are not wanting of that general break-up which it was thought would ensue immediately on the close of the war. There are certainly some grounds for apprehension. The fabric of credit, above and apart from that of the general Government, is again expanding, and it need, only a considerable expansion of this sort to bring down the whole structure. Enormous importations and extravagant expenditures have now become the rule, and this with no corresponding augmentation in the volume of exports. So long as the process of transferring the immense war debt to foreign holders continues, a serious drain of gold may not take place, but once let distrust take the place of confidence, and securities be no longer absorbed, but returned,—gold must flow in large quantities out of the country, and then we shall see the beginning of the end. The transactions of Canada with the United States are for the most part on a cash basis, at any rate, so far as exports are concerned. The only exception to this is sawn lumber, against which drafts are still drawn at three and four months date. Stocks of this article accumulate in Troy and Albany, as well as at other points on the Hudson River, including New York, and from the nature of the article as a building material, it is generally sold on credit. Thus, the wherewithal to pay the drafts from Canada again, lumber shipped, consists in bills drawn by the Albany merchant on various dealers and builders, who depend in their turn for the means to meet them on the payments made them by the parties for whom buildings are being erected. Here, then, the trade mingles with the great stream of business and general life in the country, for the persons that are building are endlessly diversified. A general revolution would put a stop to the larger part of the building going on, then the builder would find his payment stopped,—he, in turn, would be unable to meet his acceptances, and the Albany merchant would be compelled to allow Canadian drafts to come back protested. Thus the embarrassment would reach us. There is, of course, a large export business in lumber from the United States to the West Indies and South America, and as this is un-

affected by the internal condition of the States, returns would continue just as usual. In a great revolution it is impossible to say who may stand and who may not. In former panics, mercantile houses have gone down by the score, and those of high credit and long standing were no exception to the common lot. As a rule, the persons engaged in the lumber trade of Albany and Troy are in high credit and deservedly good standing, and it is possible from the way in which many transactions are carried on between them and the persons shipping lumber from Canada, that even in the event of a general break-up of credit, no loss would ensue to the producer here. We need not, of course, to cases where the commission merchant makes advances to the consignor, and is reimbursed by the proceeds of lumber sent him.

But where lumber is forwarded according to contract of sale, and payment is made by bank paper there is undoubtedly the risk spoken of in the beginning of this article. It would undoubtedly be for the advantage of parties engaged in the business, if the system could become the rule of trade which has already been acted on in some instances, viz., that the article should be sold deliverable at the Canadian port of shipment or frontier, and for cash there. There is another way in which Canada would be effected by a general revolution, viz., in the case of large houses who have branches both in the States and in Canada. Many such are engaged in the lumber business, some having their centre in Canada and some in the States. The stability of the strongest of them might be effected by a commercial revolution and its consequences. Stocks unsalable, debts irrecoverable, real estate a drug, creditors harassing for payment, bank accommodation not to be had at any price, all these combined would bring about a condition of things which would severely try a man but those whose affairs were on a cash basis,—or whose principal strength was in this country.

Cautious and far-seeing financiers in the United States are watching with increasing interest the developments of business from day to day. The indications of commercial trouble in the South are causing considerable uneasiness. Goods sent there since the close of the war are by no means realizing the returns that were expected. The progress made in the reorganization of society is so slow that business affairs are as yet in a state of uncertainty. Stocks of goods sent South, on the supposition that the habits of former days would be resumed, and that an immense void required to be filled, have passed off so slowly that the paper drawn against them has only, in very few instances, been paid. The trader and merchant of the South finds himself with his goods on hand, and learns by experience that the luxuries of former days cannot be bought now, or, at any rate, cannot be paid for. A vast mass of indebtedness is thus accumulating against the South, and there is little prospect at present of its being liquidated. The great mercantile centre must feel this increasingly, as remittances are made to Europe in payment of importations, and time only is required to develop a state of pressure. In New Orleans, distrust is approaching the proportions of a panic; and cotton bills sent from thence to the New York market, are barely negotiable at any price. So long as money continues easy, and loans can be earned over, the pressure which this state of things tends to bring about will be arrested. The increased quietude in political affairs, at present prevailing in consequence of the complete victory of the Republican party in the recent contest, will also tend to impart confidence. But this very confidence will carry the seeds of future embarrassments, and hasten the long feared revolution. Extension of credit is the great thing to be feared, and this is precisely what will naturally take place when political apprehension is dissipated. Against such apprehensions, there is, of course, to be set the vast productive power of the country. California and the South-West are continually pouring in supplies of the precious metals, and these, we apprehend, occupy the front rank in the list of available sources for liquidating foreign indebtedness. Cotton, it is difficult to speak of, but the general impression is that the amount that can be exported will fall short of what sanguine speculators looked for. The great corn crop will yield a large available surplus, either in its natural shape or when converted into pork. In addition to all which the transfer of indebtedness from America to Europe will act with the force of an export.

These considerations must be allowed due weight in estimating the probabilities of the future. That things

wear an appearance of outward prosperity is undeniable, but that the basis of this is false and delusive, is equally so. All experience, and experience has repeatedly had to deal with a similar condition of affairs, points to the certain conclusion of a state of inflation, high prices, active business, and great profits, when an irredeemable and depreciated currency lies at the foundation of the whole, and though a longer time than was ever known may elapse in this instance before the usual revolution is brought about, it would be little less than a miracle if it should never occur at all.

## PROTECTION TRIED AND FOUND WANTING.

THE New York *Hide and Leather Interest* states that "the New England boot and shoe manufacturers are discharging hundreds of workmen, who are not only obliged to abandon their occupations, but evidently labour under extraordinary mental anxiety regarding the future, for they are leaving their late localities, and pushing their way West, in search of some spot where expenses will be lessened and labor steady." Now, almost the only argument the protectionists of Canada put forward to which any weight attaches, is that by a high tariff labour is retained in the country. They lay much stress on this argument, and talk of the prime necessity there is that we should have a body of skilled mechanics, whose wages would provide a fund and create a market for the productions of the country. Well, granting for the moment, that their logic is good, what becomes of it when the premise upon which it is founded crumbles away? In the United States, protection, certainly, is getting a fair trial, and it fails there, with every natural advantage to sustain it, and with a very extensive home market for domestic manufactures, what may be expected here in Canada, where the demand is limited to supplying the wants of a population less than that of the State of New York alone. The *Hide and Leather Interest* attributes the discharge of these workmen to a falling off in the demand for boots and shoes, caused by their high price, but it seems to consider that the price is such as to give the manufacturer a rate of profit above a fair remuneration for the capital employed, and, consequently, that he could afford to lower it in order to stimulate the demand. But we think the competition between the manufacturers must now be active enough to keep prices of boots and shoes as low as consistent with their profitable production, and that the cause of their dearthness is attributable to the increased cost of labour and raw material, together with the direct taxation from which the manufacturers are not exempted. Of course, protection is not the cause of taxation, but it is, to a great extent, of the high cost of labor and of raw material.

Canada is peculiarly circumstanced as regards the labour market. Emigration to the United States is so easy, the change in life involved is so trifling, the cost so little, that there are few of the natural barriers which usually prevent the movement of population from one country to another, except under the influence of a strong pressure. Generally speaking, emigration takes place amongst the labouring classes when they are too numerous in proportion to the capital at liberty to give them employment, when competition amongst themselves has lowered the standard of wages below the point of affording them a livelihood such as they are willing to be satisfied with. In Canada we do not think, unless in exceptional cases and in exceptional localities, that that point is ever reached, and still there is ever a tide of emigration setting towards the States. A comparatively small difference in the rate of wages is sufficient to induce a man to leave his home here, and go to a country which distance does not render inaccessible, and where he finds his own tongue spoken and understood. It takes a long time, too, in a new, unsettled, and richly fertile country like that South of us, for the labouring population to become dense enough to cause that competition which alone can keep down the rate of wages and hence if we wish to keep labour in this country, we must be prepared to pay equally high wages, or else make living correspondingly low. To accomplish the former, protection is asked to lend its aid, but this, we find, fails in its object, as cost of living is increased to the labourer giving him once more the inducement, which was temporarily taken away, to go where labour is better remunerated, and besides the limit of the home demand is soon reached. Foreign markets are out of the question, and competition, striving to lessen the cost of production, causes