

they were successive courses of masonry, and, using the above simile, he will compare this country to a land locked bay, free from the storms which raged in the oceans by which it was surrounded. The official bank return for the last month is as follows :

Banks of Ontario and Quebec, Returns for November 30th, 1870.

Capital authorized..... \$39,466,666
Capital paid up..... 32,249,058

LIABILITIES.

Circulation..... \$17,839,764
Deposits not bearing int. \$17,756,507
do. bearing interest. 31,166,581

Total deposits..... 48,923,087
Due to other Banks..... 1,764,358

Total liabilities..... \$68,527,710

ASSETS.

Specie and Provincial notes..... \$12,852,898
Landed and other property..... 1,661,812
Government securities..... 4,847,787
Notes of other banks..... 2,566,598
Due from other banks..... 9,516,512
Notes discounted..... 72,250,277
Other debts..... 1,983,993

Total assets..... \$105,579,877

For October the figures stood thus :

LIABILITIES.

Circulation..... \$17,960,285
Deposits not bearing int. \$17,663,835
do. bearing interest. 30,749,080

Total deposits..... 48,412,915
Due to other Banks..... 2,137,298

Total liabilities..... \$68,510,498

ASSETS.

Specie and Provincial notes..... \$12,445,916
Landed and other property..... 1,645,558
Government securities..... 5,364,183
Notes of other banks..... 2,633,379
Due from other banks..... 10,898,427
Notes discounted..... 70,466,325
Other debts..... 2,098,912

Total Assets..... \$105,552,700

CIRCULATION.

	Nov. 30th.	Oct. 31st.
Issue of Banks.....	\$17,839,764	\$17,960,285
Provincial notes.....	7,423,027	7,430,334

Total circulation..... \$25,262,791 \$25,390,619

Despite the adverse circumstances to which we have before referred—deficiency in wheat and barley crop, &c.—the deposits have again increased, nearly half a million, the augmentation since the corresponding date last year, being over five and a half millions. At the close of last year the proportion of assets was considerably in excess of what any sound authority would have considered essential to public safety and protection. This year there has been an increase of \$3,000,000 in the direction of an enlargement of the overplus of assets over liabilities. The steady development of the item Notes Discounted, is very suggestive and encouraging. In previous years the culminating point has usually been Sept. or Oct., after which the amount seemed

stationary, this year however, although more than the usual increase took place up to those dates, the increase since has been large, from 30th September to 30th November, \$5,500,000, and for the year a total increase of discounts is shown of \$15,000,000, or 26 per cent.

When we consider the sound principles on which banking has for some time been carried on amongst us, and how generally the practice is insisted on of discounting no paper but what is based on some kind of merchantable property, we may fairly conclude that the above increase represents a largely augmented trade in the two Provinces which formerly constituted the whole of Canada. There can be no doubt that this is the case, and particularly in the Province of Ontario, whose growing prosperity is attracting the attention of many beyond her own borders. Along with a rapid development of wealth during the last few years, from favorable crops and increased area of production, there is growing up a spirit of healthy enterprise to which the west was for many years a stranger. There was no lack in former years of speculative and unhealthy enterprises, which were ready to rush into any undertaking without counting the cost, and which, after keeping everything at fever heat for some years, and putting up the value of real estate, to a most ridiculous figure, at last culminated in the revulsion of 1857. After this the whole country lay prostrate for years, and it is only now that one sees anything like a complete recovery. The lessons of past years are not likely to be forgotten by the men who passed through them, but we cannot forget that a new generation is rising up, and new men are coming in amongst us, who know nothing of the calamities referred to, and who may be tempted to repeat the same line of adventure by which so much misery was caused to the whole community. The more enterprise, the more need for calculation and sound judgment. It is the combination of all these which alone ensures success.

The banks, to judge by the returns, ought to be in a highly prosperous condition. On a paid-up capital of \$32,250,000, they have \$72,000,000 under discount, besides some \$10,000,000 bearing interest in other ways. There is nothing unhealthy in this large total, for the banks have ample reserves of available funds. The real secret of successful banking is in taking care of the discounts. If a bank lends its money well, it is always in a safe position; for in times of difficulty its resources flow in naturally and readily. But if loans have been made on principles which are not sound, a time of difficulty

finds a bank with its funds locked up, and while its own liabilities are pressed for discharge, its assets are beyond its reach.

THE RAILWAY SUBSIDIES—AN INTERESTING PROBLEM.

Ever since the promise of aid to certain railway enterprises was made by the local government, expectation has been on tip-toe; the numerous projectors and promoters interested, have been in a state of unpleasant anxiety and suspense as to how many of the government plums are to fall to their share in the distribution soon to take place. Among so many eager expectants it would be easy to dispose of the entire surplus of \$3,000,000; but we are quite sure that is not contemplated. It is probable that the railway companies will have to be grateful for only about one-half that amount. Even that sum should go a long way in the solution of the difficult financial problem involved in attempting to float some of the railway projects.

It is very satisfactory to know that the government are able and willing to come to the aid of this the most useful class of our public undertakings, and that for several reasons. First the locking up of private capital to a very great extent in a permanent form, such as in railway stocks and bonds, is an element of danger in the working of the money market—and might, under certain circumstances, be productive of much private inconvenience and public mischief. Secondly, while the bonus system is the most honest, straightforward, and proper mode by which municipalities can aid railway undertakings, yet there is a not remote possibility that this kind of thing may be very much overdone. The securities of the municipalities are brought to the money centres and realized upon, so taking away the trading capital of the country and locking it up. Should this money, or any large portion of it be required in a time of pressure, it is easy to see that it might not be forthcoming. We have not unlimited faith either in the ability or willingness of municipal corporations to meet onerous obligations when they can be by any possibility shirked. Witness the Municipal Loan Fund. Out of a total of eight or nine millions of dollars due to Ontario from this fund, only \$54,539 was received in the first ten months of 1870, or only about one-half of one per cent. The timely aid from the public treasury, will have the effect of securing the completion of several most desirable undertakings without so violent a strain upon the money market as it must have been subjected to had the railways been completed without this aid.