

## NEW BANKING SCHEMES.

IT is well understood by those who know anything of the matter, that the Banks of Canada as a whole are on an admirable footing as respect soundness, stability, and good management. It is equally well understood that their capital and resources are amply sufficient for the legitimate requirements of the country, and that as a general rule, every branch of sound and safe business may count on receiving that accommodation to which it is entitled.

There are, however, numerous instances in which parties complain that advances have been refused, and such persons invariably fancy that the fault is with the Bank rather than themselves. No matter though the name they offer are of the weakest, or that the transaction is plainly one which would lock up the Bank's money for an indefinite period they conceive themselves to be very ill-used persons if they cannot have the accommodation they want. Such people sometimes conceive a personal spite against a banking institution, and will do their utmost to damage its good name. They will go about complaining of its funds being dealt out unfairly, or that personal partialities influence the direction of the loans, or they may insinuate that the Bank has no funds to lend; that in fact the Banks generally seem to be very "hard up," and that the great want of the country is more banking capital.

The country rang with this last complaint just before, and for some time after, the crisis of 1857, and it was on this tide that the charters of two bogus banks in Western Canada were floated off. The International and Colonial Banks—both located in Toronto—are now being nearly forgotten, but they both got charters from our sapient legislators, mainly on the strength of the outcry for more banking capital. Their dishonourable career and continuous stoppage will be remembered by those who were in Toronto at the time, and by many others in the Western States, upon whom their bills had been palmed off. Fortunately, these never obtained much circulation in Canada, and the deposits, we believe, were very trifling.

We recall these disgraceful concerns to recollection because the same cry is being got up in certain parts of Western Canada as that which led to their obtaining charters, and the same remedy is being sought against the "hard times" which prevail there.

There are certain people whose grand panacea for every evil is to borrow money. To earn money they do not know how; to save money is excessively distasteful; to make money requires a different style of brain from that which they possess. But as money must be had, and as they are not absolutely dishonest, they resort to borrowing. The amount of astuteness they display in this matter would do credit to a professed diplomatist; and if financial skill consists, as some people think it does, in the art of putting off payment as long as possible, they would take rank with the first financiers of the country. Such people are always ready to undertake schemes for increasing Bank capital, however unsound and delusive they may be; and there are always plenty of persons willing to fall in, and lend a helping hand, in the hope that a share of this increase will fall to their own share. Of one scheme of this nature we have heard some particulars, which, if true, are worth noticing, and we commend the information to our legislators.

There has existed, in a certain district of Western Canada, for some years back, a Savings Bank, which has been very prudently managed, and has succeeded in obtaining a large amount of deposits. A higher rate of interest is allowed than by the ordinary Banks, and, what is a great convenience, no notice is required for the withdrawal of money.

The funds of the Bank are all invested in Bank Stocks, and out of the difference between their dividends and the rate allowed depositors, expenses are met. It is obvious, at a glance, that the sole security of depositors lies in the judicious selection of Bank Stocks for investment, for, in, by any chance, these were to fail considerably in value, the resources of the Bank would be so impaired that it could not meet its engagements, inasmuch as it has no capital.

So far, however, all has gone well. It is now proposed, we believe, that a Joint Stock Bank shall be got up in the district, and the principal reliance of its promoters, as we are informed, is that the Savings Bank shall sell out all its Stock in the established Banks of the country, and take Stock in this new concern. The amount of such Stock is large enough to give the new Bank a start at once, and, though a small amount of Stock may be taken in local names, the

essence of the scheme is a reliance on the funds of the Savings Bank. Now, it is as well for the depositors in this Savings Bank to know what will be their position in case this notable scheme succeeds. At present their money is invested for the greater part in the Stock of established Banks, which have a reserved fund to meet losses, and whose business extends over different parts of the country. There is, therefore, every probability that such stocks will continue to be worth what they cost, and that the funds of the Savings Bank will be available when wanted. But the new Bank will start, of course, without a reserved fund. The district in which it will carry on its operations is notorious for failures and losses. More money, we believe, has been lost by the Banks in that neighbourhood than at any other point in Canada. It will have to compete for business with the Banks which have been long established, whose sources of information are of the best description, and whose system of management has been developed to a high degree of perfection. These things are potent and undeniable, and they point to the great risk which the Trustees of the Savings Bank will be encountering, should they be so ill-advised as to invest the hard earnings of their depositors in a new and untried undertaking, the success of which is so problematical, and whose failure would bring down the Savings Bank itself.

At all events, depositors ought to keep a sharp lookout. They trust, no doubt, to past good management, and to the respectability of the Trustees. Such bodies, however, are not infallible; and they have been known, even in the business of Savings Banks, to make terrible mistakes; and sure we are that no more fatal mistake could be committed than to take the course we have mentioned. Some responsibility, too, rests on the Legislature. Several new Bank schemes are before Parliament, and the utmost care ought to be taken to prevent the formation of unsound companies.

The following points, at any rate, ought to be clearly settled:—

1st. That the Bank is really a want of the district, and is not a mere scheme of speculators.

2nd. That its promoters are men of character and substance, who will take a considerable amount of Stock.

3rd. That the minimum amount both subscribed and paid up shall be in accordance with the recommendations contained in the answer to questions proposed by the Committee on Banking and Currency, some years ago.

As to the scheme we have mentioned, it is evidently unsound. The Bank would, in fact, be founded upon borrowed money; and if it should, unfortunately, be successful in going into operation, we might look for another edition of the failures which have been referred to.

## U. S. IMPORT DUTIES.

THE duties which prevail in the United States upon articles of produce which we export, are not perhaps very generally known; and, in the event of a repeal of the Reciprocity Treaty, it would be interesting to see what they really are. We have compiled the following for the information of our readers:—

Wheat .....	20 cents per bushel
Corn .....	12 " "
Oats .....	12 " "
Rye .....	15 " "
Barley .....	15 " "
Beans and peas .....	10 per cent ad. val.
Flour .....	20 " "
Ashes .....	15 " "
Lumber .....	20 " "
Staves .....	10 " "

The duty on wool is as follows:—

When costing 12 cents or less per pound .....	3 cents per lb.
When costing over 12 cents, and not over 24 pounds ..	6 " "
When costing over 4 cents, and not over 32 pounds ..	10 " "
When costing over 32 cents, ..	12 cents per lb.
On the Skin 20 per cent ad. valorem, ..	12 and 12 cent ad. val.

Hence on wool bought in Canada, which has of late years been worth over 32 cents per pound, the duty would be 12 cents per pound, and 12 per cent ad. val., or nearly 16c., which, taken off the price (32c.), reduces wool to 16 cents per pound.

## Boots and Shoes.

The greatest activity prevails in this branch of trade, and stocks are being rapidly exhausted. The prices are very firm for every description of goods, with a tendency to advance. See quotations elsewhere.

## OUR EXPORTS.

THE Commissioner of Customs, Mr. Bouchette, has just issued a summary statement, showing the value of the principal articles of Canadian produce and manufacture exported for the fiscal year ending 30th June last. Documents of this kind are generally of a "dry" character, and although having a large circulation, are seldom or never read by the great majority of the people. The present report, however, is worthy of attention. It derives its chief interest at the present time from the fact that it contains a list of our Exports to the United States, with their values, and in view of the anticipated abrogation of the Reciprocity Treaty, the figures cannot fail to be interesting.

From this statement we learn that the produce of our Mines exported for the year ending 30th June last amounted, in round numbers, to \$575,000. Of this there were exported to—

Great Britain .....	\$387,000
British Colonies .....	691
United States .....	186,649
Germany .....	5,740
Other foreign countries .....	13,168

This shows a falling off of \$183,000 in the produce of the Mines in '65 as compared with '64.

There is also a slight decrease in the products of our Fisheries—the amount for this year being \$768,000, as compared with \$770,500 in '64. This year's products were divided among the different countries in the following proportions:—

Great Britain .....	\$ 95,000
British Colonies .....	107,000
United States .....	89,000
Other countries .....	474,000

The most important items of our Exports are, this year, Lumber and Timber. The total amount exported represented in value the sum of fourteen and a quarter million dollars, showing a slight increase on the previous year—the value of these articles exported in '64 being a little less than fourteen millions. Of the quantities exported this year—

Great Britain had .....	\$9,000,000
British Colonies .....	32,000
United States .....	5,000,000
France .....	99,000
Germany .....	1,600
Other countries .....	145,000

The Exports of Animals and their Products has considerably increased. The total amount this class of Export in '64 was six and a half million dollars, while in '65 it is eight and a half—showing an increase of two millions and a half, or nearly twenty-five per cent., as compared with last year.

The figures for this year are—

To Great Britain .....	\$1,255,000
" British Colonies .....	148,000
" United States .....	7,053,000
" Other countries .....	32,000

The item next in importance this year is the "Agricultural." The total amount exported for the year is in round numbers ten and a half million dollars.

To Great Britain .....	\$1,525,000
" British Colonies .....	662,000
" United States .....	8,247,000
" Other countries .....	18,000
	\$10,452,000

These figures show a falling off of over three millions dollars, as compared with last year.

We are pleased to notice an increase, though slight, in the Exports of Canadian Manufactures, the amount for '64 being \$32,000, while in '65 it sums up to \$1,095,000. We export Coin in Bullion to the United States and Great Britain only. The total amount to Britain is \$89,000, and to the United States \$1,000,000. Of these valuable commodities we exported a few thousand less in '65 than '64.

The entire value of our exports for the year ending 30th June last is \$42,481,151. The Exports of the previous year amounted to \$43,718,191, showing a decrease this year of \$1,237,040. Out of the forty-two and a half millions this year, twenty-three millions, about half our entire Exports, were to the United States. The following figures will show the amounts:—

Mine products .....	\$575,000
Fishery do .....	891,000
Timber and lumber .....	5,000,000
Animals and their products .....	7,000,000
Agricultural products .....	8,247,000
Coin in bullion .....	1,000,000
Other articles .....	300,000

Total Exports to U. S. .... \$22,864,000

It appears to us that the largest part of this comes under the conditions of the Reciprocity Treaty, though Mr. Galt states that only about ten millions is directly affected by its operations.