

DEPOSITS IN OUR BANKS—WHO OWN THEM?

THE journals which pay attention to financial subjects have often noticed the fact that the deposits of the banks for some time back have been steadily increasing, and that they now amount to more than their whole capital. It is well known that soon after the outbreak of the war now happily closed, large sums of money were sent here from the South, to be deposited in the banks of Canada, and that many wealthy Southerners took up their residence among us, disposing of their money in the same way. The amount of such deposits was of course never ascertained, but they have been estimated at from two to four millions. When the war closed, or at all events, very shortly afterwards, it was expected that the larger part would be withdrawn, and the return of deposits exhibit a corresponding diminution.

That this has not taken place is well known to those who examine the banks' returns, in the Canada Gazette. Whether the Southern deposits have been withdrawn or not, and we think it most likely that a minority of them have been at any rate, the deposits go on steadily augmenting—not exactly month after month,—but certainly year after year. They recede at times, like the advancing tide, but only to touch a higher point at their next advance—so going on, that the average for each year always exhibits a higher figure than the one preceding.

Considering how new the greater part of Canada is—how short a time has elapsed since most of the country was a vast wilderness of forest and swamp, without roads or civilized habitations—the home of the wolf and the bear—considering, moreover, how very slow a process the clearing of land and improvement of the country is when prosecuted with such feeble appliances as those of our early settlers, and that all the wealth of the country has its origin in the land, it is remarkable how much money has been accumulated during the few years, and how high the deposits of the banks have risen. So short a time back as 1842, they amounted to only \$3,000,000; so that during the years that have elapsed since, they have increased tenfold. This is a most convincing evidence, of the possession of habits of industry and thrift by our people.

It is true that there are considerable sums on deposit in Canada which have been sent out from England for investments; and that the deposits to that interest, and also by other extraneous sources have been increased by sums not drawn from the business of Canada. The great bulk, however, has undoubtedly sprung from that source.

Inquiring, then, to whom these deposits belong we are met at once by the obvious distinction between the floating and permanent deposits. The former are current accounts, subject to cheque, and changing every day and hour—the latter all in the shape of receipts, on which the banks can claim notice if they chose, and which must remain a certain time before being subject to interest.

We will take the last first.

The permanent deposits of our banks, amounting to about \$12,000,000, are, we should judge, principally owned by the following classes.

1 Farmers and settlers, who have got over their early difficulties and saved money. Many of these have from \$500 to \$5,000 deposited in the bank, all the while, probably living in the meanest style at home, and not caring to spend much money on their land. It would very likely pay them a far better interest to expend some of this money in improvements—not such improvements as building a fine house which they have not the remotest notion how to use—but in judicious draining, stumping, clearing, and fencing, taking care that every dollar spent increases the productive power of the soil. Money spent on good housing for cattle and sheep also would yield them a good return. When our farmers generally become alive to the importance of constant improvement and are not afraid to risk a little expenditure in carrying it out, the country will be carried forward with an impetus which it has not hitherto witnessed.

A considerable amount of our permanent deposits belongs to careful and economical people in towns and cities, who do not very well know how to invest it, or are waiting until a good opportunity of investment turns up. Capitalists also are in the habit of keeping considerable sums by them in this shape, making the most of their accumulations until a place for them is found in the way of loans on mortgage, purchases of stocks, debentures, or what not. Although we have in Canada large numbers of people larger probably than in the old country, considering our population, who

spend every dollar of their income and more, there are abundance of the saving, careful sort, who always live within their income, *retailer that may be*. Such people live according to their means, and not according to their wishes and notions and aspirations. They are well content to walk if they cannot afford to ride, they are not restless and dissatisfied if they cannot occupy a cut-stone house when their income will only admit of a cottage. They manage therefore always to keep a little ahead instead of dragging behind, and can walk the streets without being afraid of meeting a creditor. We should judge that a considerable portion of the permanent deposits of the banks belong to them. A certain portion will no doubt be owned by Corporations, such as Savings Banks, Building Societies, Insurance Companies, and ecclesiastical organizations of various kinds, and with some of the balance newly-arrived emigrants may be credited.

It was under this head that the larger part of the Southern deposits were placed. There were also considerable sums deposited by Americans from the North, Democrats mostly, or timid people who had little faith in Northern victory, and wished to put a 'nest-egg' by in case the worst should happen.

Such Northern deposits, we imagine, must all have been drawn away by this time, but we doubt if this is the case with the Southern. Much of the latter belonged to people who sacrificed all and came away, having turned the wreck of their property into gold. Such persons hesitate to return to the South until society is established on a permanent basis, and we have no doubt that the larger part of their deposits are still intact. Such Northern deposits as were sent here, as some were, by agents and bankers in Northern cities, are doubtless withdrawn. On the whole, it is probable, that from a third to one-half still remain.

As to the current accounts, which form two-thirds of the whole, the larger portion of these are no doubt the accounts of merchants and men of business, large and small.

Every man who values his banker's good opinion will try to keep as large a balance at his credit as possible, and those of them who buy for cash, know the importance of having money always at command.

There are balances of \$20,000 and upwards constantly at the credit of some men of business, even in our country towns; and we have little doubt that were a list published, we should find sums of over \$100,000 there. Nothing establishes a man's credit with his bank better than the fact of his keeping a balance which maintains a high average standard and never runs into low figures.

The accounts of professional men are often fruitful in large balances. In this country, especially in the West, a very large business is done in the way of investing money for parties in England, and lawyers are generally employed for the purpose. The money thus about to be used lies in the bank, generally at the credit of a current account until the desired investment presents itself. In addition, so much trust business is managed by professional men that it is rarely they have not moneys of clients and others in their possession. There is a class of public officers who keep current accounts with the banks, and whose deposits are sometimes of large amounts. Country and Township Treasurers, Sheriffs, Treasurers of public Companies, and of cities, belong to this head; and it is no uncommon thing to find sums of \$20,000 to \$40,000 at their credit until called for.

The same class of corporations who were mentioned as having sums on deposit receipt, keep at times very large sums at their credits in current accounts. It is essential that they be prepared to answer applications when called for, and hence they find it to their interest to keep a considerable balance at their credit in current accounts. We think it safe to say that such balances sometimes rise above \$100,000, and at times amount to even twice that sum.

Our great railway accounts must produce heavy balances at certain seasons, and so also will the accounts of ecclesiastical corporations, capitalists, money lenders, brokers and manufacturers, not to forget the Hudson Bay Company, whose Canadian business is done in Montreal. The account of the Government of course stands by itself. By far the largest deposits of the country are made by the Government in its various departments, and immense sums must sometimes stand at the credit of the different accounts, followed, it may be, very shortly afterwards, by sums on the contrary side of the account.

Thus from the various and multiplied streams is the great reservoir of deposits supplied, the money, be it remembered, being again distributed by the banks through a thousand channels, fructifying and invigorating the whole commercial life of the country.

TIMBER ROYALTY.

BY the issue of the tariff prepared by the Ways and Means Committee, it will be seen that the duty charged on timber and sawn lumber on entry into the United States will probably average from sixteen to twenty per cent *ad valorem*. The duties being specific, there can be no doubt that the price will be raised to that or a greater extent when that tariff goes into operation. This is one of the prices which they have to pay for the luxury of a war. But if one, two, or three dollars per thousand feet extra is a matter of little importance to them, we are inclined to think that they might as well be made to pay a little more at the same time. If the American Government can collect that sum from each thousand feet imported, there is no reason why the Canadian Government, who possess the growing timber, should not be able to collect a like sum in addition to the present Royalty, which is altogether insignificant (about one dollar per thousand feet, board measure). The Canadian Government have virtually a monopoly of the timber forests at least on this continent, and ought, therefore, to control its markets as well as those of Europe to a considerable extent.

When the American Civil War was at its height, and American cotton was selling in Liverpool at from eight to twelve times the price which could be realized for it at the commencement of that war, people wondered that it continued to maintain such a price. But the fact soon made itself known that they had almost a monopoly of the trade. Other cotton growing countries could hardly grow cotton profitably at the extravagant prices at which it was then selling. Thus the American Government might, for years, have derived an immense revenue by an export duty on cotton without any danger of losing the market. Though they were getting the labour of the blacks for the smallest consideration, they were only deriving the regular business profit, while other people more than themselves were actually profiting by saving the wages to which the negro was entitled.

Such is just our position in regard to our timber. Like them, we have a practical monopoly of the market, and like them, instead of profiting thereby we give away at just a fair business profit, that which, like the negro's labour, costs us little, but which, once exhausted, cannot be replaced, as the negro was under the slavery system.

So not only as a means of deriving extra revenue would we counsel the imposing of a greater royalty on our timber, but also for the conservation of our forests. This we owe to future generations. England has for years back been looking with dismay at the gradually diminishing extent of her coal fields, and, during the debate on Mr. Cobden's French treaty, it was spoken of as a matter of doubt that the export of more coal would be advantageous. Of course we could not think of prohibiting the export of timber, but we could certainly counsel the increase of the royalty with the avowed intention of decreasing the manufacture.

The yearly increase of our timber manufactures is getting to be serious. Year after year the Quebec and British markets are glutted with our timber, and it is nothing strange for timber enough to be wintered in Quebec to supply the British market for the next year. How different from this has been the practice of every other country which has had a monopoly of any one article of commerce. The Dutch, when they had a monopoly of spices, were in the habit of burning every year whatever surplus they had beyond what they considered would keep up the price to suit their ideas. And how simple would we consider the Hudson's Bay Company if they were to go on killing all the peltry animals in their territory, and exhausting them in a few years. Yet that is what we have done with ours, and with our river fisheries, and now we are running the same course with our timber. We are killing the goose that lays the golden eggs.

If there was any excuse that could be held forth for this proceeding, it would be different, but there is none that we can find out. It does not clear the land, it does not conduce to the settlement of any but a few acres among the lumberers, which are no benefit to the country, except that they help the lumberer to carry on their operations. It does not add to the income of the Government, but the reverse, for we hold that they could collect a larger revenue at less cost, and have less timber cut, but it does draw away thousands of men from their farms, to the great detriment of the farming interest. The small royalty and the manner in which it is imposed is also the cause of an immense waste of timber. The best of the timber is hewed off and left in the woods to dry, take fire on the first spark reaching it, and burn miles of valuable timber before it is quenched.