

A BAG WITH HOLES.

WE read in a good old book whose precepts on the common affairs of life are sometimes neglected by those who profess to be guided by it in spiritual matters—of certain people who earn wages and put them into a bag with holes. It is not our practice to preach sermons in this Review, but for once we will take a text, and expound it according to the wisdom which has been given us; and, as is the custom with those to whom the expounding of texts is a weekly business, we humbly invoke the attention of our readers, and trust they may read, mark, learn, and inwardly digest what we say. For a man to earn wages and put them into a bag with holes, is, in one aspect of the case, for him to spend his money as fast as he makes it. Such a man never lays by, but lives from hand to mouth; and when sickness, or loss of work, or any other contingency comes upon him, he has no resource to fall back upon, and is compelled to apply for assistance to his neighbours. That there are plenty of this kind of people in Canada is only too well known to those who have to do with the business of the country; and it is because of the pestiferous effects of their style of living on the whole atmosphere around them and its reflex influence on trade and commerce, that it comes within our province to notice it.

A new country is eminently a land of hopefulness, and we are free to confess that without a large fund of this desirable quality, it would be impossible to struggle through the hardships and difficulties that encompass the early settler. But this very spirit of hopefulness, like other good qualities, is susceptible of perversion to improper uses; and it is certainly an abuse of hopefulness when a man is so confident of the future as to neglect thrift and economy in the present, when he is content, in fact, to see his money slip away from him as fast as he earns it, trusting that a time will come bye-and-bye when he can commence saving. Now we are far from laying down the doctrine that to accumulate wealth is the supreme end of human existence, or that the possession of riches is essential to happiness. We do say, however, and with this economical aspect of the subject we have principally to do, that by the accumulation of capital alone can man fulfil the command to subdue the earth, and bring its varied stores into play for the satisfaction of his wants. Without capital the inhabitants of a country in these days are comparatively helpless, and it is a duty which every individual owes to the community of which he forms a part to live below his income, so as to contribute something to the general stock. To do this, however, involves a good deal of self-denial. A man who is resolutely bent on living below his income, must put a strong curb upon his inclinations, and the inclinations of the members of his family. It involves, too, what many are very deficient in, the keeping of systematic accounts of personal and household expenses, the classifying of them under proper heads, the revision of them from time to time, the careful examination of tradesmen's and storekeepers' bills, the lopping off of a luxury here, the abstaining from an indulgence there, and an avoidance, under all circumstances, of everything which would be extravagant in a person of his income and station. All this is by no means easy; indeed so many it is intolerably irksome, and it is not, perhaps, until a man finds that his household expenditure has been a "bag with holes," through which have filtered the earnings of long continued toil, and the profits of successful enterprise, that he is stirred up to put the matter on a different footing.

There is, however, another aspect in which the text may be looked at, and we are not sure if it is not a clearer approximation to what was intended by the figure, the aspect, namely, of those attempts at accumulation which never succeed, because as fast as money is supposed to be saved it leaks away in contingencies which have never been guarded against. The money is put into a bag, there is, therefore, an attempt at saving, and no doubt the owner thinks he is getting rich, but lo! when he examines his bag, he finds, to his consternation, that it is empty. Instead of having accumulated a store, he is as poor as when he began to save.

To thousands of persons in this country real estate has been the bag with holes, which has swallowed up their earnings, and left them worse at the end than they were at the beginning. Year after year have they paid instalments, yet they have lost both instalments and property in the end. Of all the abuses of the credit system, the plan of selling land in payments spread over a long series of years has been the most abundant. Wide spread ruin and embarrassment

have been its results, and yet the evil is not entirely cured. Some people are still to be found who will put their money into this bag with holes, but their number is surely growing less and less. At all events, traders who have to buy goods on credit should be warned that to hold real estate, unpaid for, is a serious injury to their standing, and that real estate, even when paid for, yields not one quarter the return that the capital would if retained in business. What is it then but a bag with holes?

The credit system has been a bag with holes, in every one of its ramifications. The evil begins with the consumer. It is astonishing how much more ready people are to buy goods on credit than they are to buy them for cash, indeed, it may be safely said that people will spend two dollars when they buy on credit for every one they would spend if they purchased for cash. The consequence is that store bills are always larger than they were expected to be; they are often so large that it is impossible to pay them in proper time, and in not a few instances they accumulate to such an amount that they cannot be paid at all. Persons who buy goods for family consumption on credit are for this reason always apt to overrun their income. They then get into the habit of settling their bills by giving notes, and this dangerous practice, when once begun, almost inevitably puts a chain round a man's neck that he can never get rid of. His earnings are all put into the bag with holes, which the too easy shopkeeper provides for him, and year by year, as he balances up his accounts, he is mortified to find that he has made no headway at all, but is deeper in debt than when he last looked into his affairs. Hundreds of men know to their cost that these things are so, and what fearfully large holes there are in this bag. They have learned by the bitterest experience how impossible it is to keep an efficient check upon expenditure so long as accounts are allowed to run on with storekeepers and tradesmen; and well is it for them, if they are able to take the matter firmly in hand, pay cash for the future, and lay a foundation for permanent accumulation.

When we turn from the persons who want credit to those who are asked to give it, we find innumerable instances of the truth of what has been laid down. Credit accounts have been the bag with holes through which the profits of many a storekeeper have filtered as fast as he made them. Tradesmen by this time should know that short reckonings make long friends, and that long reckonings are apt to become no reckonings at all, especially should they learn to beware when private credit accounts have to be settled by notes. It may be set down as a general rule that such notes ought never to be given. They are a sure indication of danger. It has long been a rule with prudent bankers to avoid them, for they are certain signs of extravagance in the customer, and of bad debts to the shopkeeper supplying him. It would, we are convinced, be a light estimate to place the amount that has been lost by private credit accounts at many millions of dollars, so enormous and so numerous have been the holes in the bag, created by the long credit system. There is no one thing in which a root and branch reform is more needed than this, and it is high time that country storekeepers, who have been the principal sufferers, set about it.

The evil which begins with the customer goes on till it reaches the wholesale merchant. He knows by sad experience that his ledger is apt to become a "bag with holes." Nothing but constant vigilance and the exercise of wise judgment can prevent bad debts growing to enormous proportions, and if he will not trouble himself in this way, the holes in his bag will at length become so large as not only to swallow up his profits, but his capital. Here again the maxim about short reckonings is peculiarly applicable. A wholesale merchant has often only himself to blame for the bad debts he makes, for it may be safely taken for granted that when a customer's account goes on accumulating year after year, there will be a loss at the end. A stitch in time saves nine, as many a good housewife knows, and the proverb is not farfetched when applied to the dealings of a merchant with his customer. Heavy credits are bags with holes, in which many a year's profits and many a fine capital have been swallowed up. They are demoralizing to those who receive them, and a subject of never ceasing anxiety to those who grant them. They puff a man up with false notions of his position, and rarely end in anything but ruin.

Borrowing money at high rates is a bag with holes for farmers. We are not so unphilosophical as to declare against high rates, for money will fetch no more than

it is worth in the open market. The true plan for a farmer, and for everybody else who wishes to avoid high rates, is to borrow as little as possible, and for as short a time as possible; the rate will then take care of itself. The way to accomplish this is to practice systematic economy, and not to spend a needless dollar until debts are paid. If to hate borrowing were a universal sentiment, the country would get rich fast enough.

Building has been a bag with holes to many a one who has found it to be a perfect slough of despond, swallowing up money without end, and remaining a slough still.

We cannot, however, enlarge further. These mere heads of our discourse we leave, as preachers say for our readers to meditate on at leisure, trusting that some who may heretofore have bought on credit, and have always been in difficulties, may be stirred up to strike for freedom, by commencing to buy for cash, that storekeepers, who have been beguiled by easy trusting, may stop their credits, shorten their time, and weed their books of unprofitable customers, and that the merchant may take seriously to heart his share of the general duty, and no longer demoralize the community by trusting a man ten thousand who is only good for one.

Our bags have had far too many holes. Let us see if we cannot mend them.

BANK STATEMENTS TO 31st AUGUST, 1865.

INVESTMENTS.	
Total capital authorised	\$45,100,000
" " paid up	30,457,000
" loans current	\$42,802,711
" " other debts	3,023,711
Real estate	2,905,160
Government Debentures	6,801,700
Total Investments	\$50,111,000
LIABILITIES.	
Deposits not bearing interest	\$11,237,000
" bearing interest	13,970,852
Circulation	8,445,000
	\$33,652,852
AVAILABLE.	
Coin and bullion	\$6,347,380
Banks net balance	710,223
	\$6,557,603

THE delay in publishing the Monthly Returns to Government in the *Canada Gazette* this month prevented our usual review from appearing a week at least earlier than it now does.

1. Capital authorized is increased by \$140,000, caused by the introduction into the list for the next time of the Royal Canadian Bank, with a capital authorized by the Provincial Parliament of \$2,000,000, and a reduction of \$600,000 in the authorized capital of the Niagara District Bank, making the difference above stated of \$140,000 increased authorized banking capital—the total now standing at \$45,100,000.

This action on the part of the Niagara District Bank may be looked upon as an indication that its business is to be confined to the wants of its immediate locality, for which a capital of \$400,000 with the facilities of deposits and circulation, may be supposed sufficient for the object in view, and this change in the views of the legislature since the date of the charter, then only willing to permit very large corporations to go into operation, will answer a good purpose, where the proprietors are men of means and undoubted respectability. On no other footing should small banking establishments have charters extended to them, unless the experience of our neighbours in the United States is to be repeated here.

2. Capital paid up is increased \$123,975, of which \$107,681 belongs to the Royal Canadian Bank, and the balance scattering. Of the eighteen Canadian Banks only five have their capital stock paid up in full, namely, The Montreal, Commercial, City Bank, Merchants, and British Bank. The stock of the International Bank, nearly \$2,000,000 paid up, is not employed in this country; and this, with the portion of the British Bank stock employed in other Colonies, gives about fifty per cent. of the authorized bank capital paid up.

3. Loans current are decreased \$431,845, of which \$320,000 is in the Bank of Montreal, and balance in the City Bank.

Produce operations had hardly been entered upon to any extent in August, nor were importers in need of extended assistance, but at the end of the present month we may have to chronicle a large expansion.