

## WHITHER ARE WE DRIFTING?

NEVER in the history of our country has there been a period in which events of greater importance crowd into so short a space of time as at present. Almost every week brings with it some occurrence affecting some vital interest of the province. Almost every day is laden with news of interest to all. The fusion of parties in the summer, the rapid advance of federation in the autumn, and its anticipated completion during the winter, were important political events, the rapidity of which was only exceeded by the sudden failure of the whole scheme by its defeat in New Brunswick—the failure of the grain crops in Canada. The depression in the timber trade, the poverty of the consumers, and the excessive importations of the merchants, were events the importance of which, in a commercial point of view, could hardly be surpassed. The St. Albans Raid, and the excitement that followed the improper discharge of the Raiders; the notice to abolish the Reciprocity Treaty, and to increase the armament of the Lakes; the establishment of the passport system, and its recent revocation, were all events of the greatest national importance. Compared with the occurrences of the previous nine years, the events of the last nine months are more numerous as they are more important. We are led into this train of thought by the recent deliberations of the English and Canadian Parliaments. The debate in the House of Lords on the defences of Canada, and the comments of the British Press, indicate very clearly a most unsettled opinion as to the relations between the mother country and Canada. The Imperial government acknowledges the importance of immediate action for the defence of the country; yet, by a paltry grant of fifty thousand pounds per year for four years, practically sets it at naught. There is either a necessity for defending this country or there is not. If the necessity exists, the proposal to spend so small a sum is absurd. With the report of Col. Jervois before them, estimating the cost of fortifications alone at nearly seven millions of dollars, how is it possible that the yearly expenditure of a quarter of a million every year at Quebec can accomplish any effective result? In view of the fact that the opposition were strongly in favor of increasing the amount, and the Imperial treasury shows a large surplus, what is to be inferred from a proposal so utterly futile? Is it that Canada is not worth retaining? If that is the case, the sooner we know it the better. If we are liable to be invaded because of our connection with England, and if we are unable to defend ourselves from that invasion, and if England has no desire to aid us beyond that already evinced, the relations that exist between the mother country and the colony are in a condition much different from what is generally supposed; and some clear and defined explanation should not be delayed another day.

Turning to the Canadian Parliament, we are glad to find that the necessity is appreciated for a better light on this subject. The able and manly speech of the Finance Minister on Tuesday night, asking a million of dollars for permanent defences, contains most important matter for reflection. From the tone of this speech, it is evident that there is not a clear understanding between the Home and Colonial Governments; and Mr. Galt expresses the universal sentiment when he says that "the time has come for frank explanations; and if the tone which has prevailed in England, that the colonies are but a burden to the mother country, is to be taken as an indication of the future policy of the Imperial Government, it is time we should know it." This from a Cabinet Minister, with the admission that difficulties had been experienced in securing the Imperial guarantee, and that no defence would be attempted by the Canadian Government unless this was granted; and further, that unless more than fifty thousand pounds is granted, it would be better to attempt no defence at all,—indicates very plainly that the two Governments have not properly understood the policy of each other. There is therefore the greatest necessity for a candid statement of the present position and intentions of each, not only in regard to the immediate question of defence, but to define clearly the future relations of the colony to the mother country. The encouragement of Federation in England, with a view to an eventual separation, the phrase in the Governor's speech that a new nation was about to be formed, the alleged intention to force the reluctant colonies into the arrangement, and many other indications, point to an altered colonial policy on the part of England; and the recent proceedings confirm the

impression that the new policy is not to bind us closer to the mother country. With the gradual loosening of these bonds; with a disinclination on the part of our sister colonies to join us; with our American cousins in a fretful humor,—at one moment frightening us with their immense military power, at another indicating how readily they can annoy and injure us commercially, at other times attracting us with the extent of their markets and the advantages of their enterprise and capital:—with all this ahead, and with commercial depression and hard times at home, it may well be asked "Whither are we drifting?"

## A GREAT PROBLEM.

It is said that "History repeats itself;" and certainly, so far as relates to certain fixed laws at the foundation of government and society, there are periods centuries apart, bearing a considerable resemblance. With regard, however, to the universally acknowledged principles which were supposed to regulate the Money or Currency of a country, the history of the world affords no parallel to the present condition of the Finances of the United States. The experience of that country in the last four years, in money matters, has exhibited a phase in Finances not only beyond the experience of any other nation, but even outstripping the imagination of all the great political economists who ever wrote on the subject. In a country whose national existence has scarce reached three quarters of a century, an internal war has been waged for four years, in proportions so gigantic as to exceed all previous struggles, and at a cost beyond all precedent, and yet (until recently) without financial aid from any foreign source. This too in the face of a decline of two-thirds in its export trade, and an extravagance in importing that the times of peace never witnessed. That this has been accomplished by an extraordinary issue of paper currency does not in the least affect the result. The credit of the government carrying on this fearful struggle has been sustained; great armies have been levied; navies built; great deeds accomplished; a wonderful progress made in the art of war; and what was at one time confessedly a peace-loving, peace-desiring nation, is now a military power of the first order.

That all this has been done without foreign aid, solely by a paper currency, is a wonder in this age of wonders; that it has been accomplished by a government existing at the will of the people, increases the wonder. The submission necessary to bear such an immense taxation,—the wealth and resources necessary to pay it,—and, above all, the good state of society under such an immense expansion of the currency—such an avalanche of legal-tender money—are circumstances that may well claim the attention of reflective minds. That the "promissory notes" of the Government have been at a great discount is not surprising—the wonder is that the depreciation has not been greater. But that they are now nearer a par value than at any period for the past year, shows a growing confidence in the security of the Government and the success of its operations, financially at least. But the further fact that the balance of trade, as we learn from Europe and America, is largely in favor of the United States, that Sterling Exchange is down to 107, that the drain of bullion has ceased, and that there is room actually to expect that gold will have to be sent out from England,—is a condition of things few imagined would exist after four years of the most expensive war ever waged, and an enormous expansion of paper money. Whatever opinion may be held as to the merits of the struggle in the United States, whether the North or the South are in the right, no one can doubt that a great financial problem is being solved, and the indications are, being solved successfully. A great many questions of absorbing interest arise in connection with this subject, affecting the monetary theories of the whole world, as well as all local interests of every character. An entire change has taken place in the ideas regarding currency; new light has been shed upon the science of banking, and the credit of a nation has been made the basis for a new and enlarged sphere of usefulness.

The proximity of Canada to the United States has given us not only the opportunity to watch closely all the moves on this new financial chess-board, but the results likely to flow from the employment of such an increased volume of currency, may have an important effect upon the future of our Province. A consideration of some of these points we shall defer until another number.

## SAVINGS BANKS AND BUILDING SOCIETIES.

THE Auditor has reported to Parliament, through the Minister of Finance, that the savings of the Canadian people, in the hands of Savings Banks and Building Societies, are as follows:

In the Savings Banks proper.....	\$2,781,701
In the Savings branches of Building Societies.....	488,311
	\$3,270,012

The Building Societies also control a large amount of capital, given them for investment, which the Auditor reports at \$2,744,196. We thus have in the hands of these two classes of institutions a very large total.

Savings Banks.....	\$3,270,012
Building Societies.....	2,744,196
	\$6,014,208

This sum, larger than the paid up capital of the largest of our Banks, is annually increasing at a rapid rate,—estimated to be at least 10 per cent. per an. This shows that the land, which used to be the sole Savings Bank of the population of Canada, is now no longer so; and clearly indicates that steps should be taken by the Government—

Firstly—To regulate the investments of all these institutions; and

Secondly—To afford more general facilities in the country parts for the investing of the savings of the agricultural population.

How many instances have we known in which Building Societies have had a prosperous career for a time, declaring large dividends, and publishing most favorable looking balance sheets, but have eventually involved both shareholder and borrower in heavy loss. This has been caused not only by their advancing too heavily upon property, but also by a false system of valuing their mortgages; and both these evils could be radically cured by legislation, backed up by attentive executive action. Then as to Savings Banks, there is but one out of the limits of our cities. Cobourg is the only town which boasts of one; and there are none whatever in the villages. This is principally because—except in cities—there are few eligible means of investing deposits of small amounts in such a manner that they can be readily and surely realized—a want which can best be supplied by the Government providing for the reception of such deposits. In England the Government has for years been indirectly the custodian of the peoples' savings, thereby accomplishing two good ends—giving to the poor a safe means of investment, and interesting them in the stability of the State. Recently, by means of Post Office Savings Banks, the British Government has assumed a more direct responsibility in the matter.

In several of the Lower Provinces the Governments receive deposits; so do the Governments of the Australian Colonies. We think a plan could be readily devised here, under which, either through the branches of the Bank of Montreal or otherwise, facilities could be afforded throughout the country for receiving the savings of the industrious and frugal;—thus benefitting the people both morally and financially, and raising for the Government an amount of money of at least \$10,000,000,—almost enough to build the Ottawa Canal, or the Intercolonial Railway,—the interest on which would not be paid away to England, but would remain among ourselves.

The New Taxes.—It is evident that the Government have had no distinctive financial policy this session,—the postponement of federation and the tone of the debate on the defence question in the house of Lords have evidently had a very important influence on Mr. Galt. His proposition in parliament to grant one million for permanent defences and two millions for ordinary expenditure, without furnishing the usual estimates, clearly indicate the suddenness of his resolution, and the altered condition of things since the opening of Parliament. This large grant following other expenditure, with the certainty of customs revenue decreased by one-third, point to an inevitable increase in duties, and that to a large extent. The altered policy of Mr. Galt and the extent and suddenness of his demands, implies a speedy action in levying these duties; and what we last week thought was probably only some months hence, we now think, may follow in a few days. The trade generally will look with anxiety for Mr. Galt's announcements.

Mr. Adam Hope, of London, C. W., has been admitted as partner in the firm of Messrs. I. Buchanan, Errris & Co. The Hamilton branch of this house will in future be conducted under the style of I. Buchanan, Hope & Co.