

The Canadian Monetary Times.

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GOLD MINING.

Within the last summer a considerable amount of capital has been invested in companies organized with the ostensible purpose of developing the mineral resources of the Madoc gold region. Should the returns of the early trials of the crushing mills prove as remunerative as we hope they will do, gold mining companies will be floated on the streets, thick as leaves in Vallambrosa. The great ignorance that prevails as to the real working and probable returns of gold mines, the anxiety to make a fortune by speculation, and the contradictory reports of so-called experts, have caused shares to rise and fall with most unreasoning rapidity; even the shares of the Richardson Mine, well known at is, have risen in value \$40 within a fortnight.

We propose in this article to give a few hints which may be of some value to persons desirous of investing in this kind of stock.

Mere quantity of land is no criterion of a good company. Most companies which are started boast of 200 acres in this township, 100 acres in the other, and 1000 secured from Government in a spot where, save, perhaps, a surveyor, no mortal has ever trod. Whether worthless or valuable, the land is a useless investment of the funds of the company. Let any man sit down for a minute and think how long it will take to exhaust the ore under one acre of mineral land—a real piece upon which some mineral is found, and not simply the next lot to it—common sense will tell that it will take a generation to do so, with all the crushing machines in Madoc. Secondly, another great mistake is made in supposing that because gold is found in one spot it must be found in certain quantities, more or less, in every direction from it. The fact is, the vein of quartz is never very broad, and it is only along the lead of this auriferous quartz that success can be really expected. In Madoc, at first the ground was burrowed like a rabbit warren in all directions round the Richardson Mine, but experience has been acquired during the summer, and it is only along the ridge that, under the advice of Dr. Otway, excavations are made. A great inducement to some investors is the thought of a small capital. A company is started with a large tract of land and a small capital, say \$30,000, of which \$10,000 is already subscribed; that means, paid for the land and to start the company. A process of reasoning which very often takes place is this—"If I take stock in this company, and we strike a good vein, our stock will go up." Possibly it might do so now, when people do not distinguish between value and return; but practically it will be found that if a strike should be made with a slender capital, the company will strike

too, for want of funds to work it; another company with a larger capital will be organized to develop the property, which it will buy from the first one at a discount. It is just the old story over again of Canadian Railways. People now do not know that without a crushing mill gold cannot be obtained, and if the quartz has to be transported to a custom crushing mill, the additional expense will make a great hole in the profits. Judging from the experiences of the American gold fields, and making a very great allowance for cheaper labour and transit in our country, the cost of a crushing mill will be at least \$20,000. We do not expect that any companies, without a large margin of capital to invest besides, will ever give an actual return to their shareholders. They must be reorganized with greater capital before they divide their own ingots.

As illustrating the foregoing remarks, we direct attention to the following particulars, taken from the official returns of some of the mines on the Comstock lode in Nevada, made by the superintendents of the mines to the Government:—

"The Savage Company in Nevada having only 768 along the lead, yielded for the year ending July 10th, 1867, \$2,914,164 from 69,430 tons of ore, at the rate of \$41.97 per ton; the cost of production and reduction of the ore was \$21.95 per ton.

"Dividends were divided of \$1,400 per foot, or \$1,075, 200 to the shareholders.

"The gross product of the mine, (which was only discovered in 1860, and not worked afterwards,) up to July 10th, 1867, was \$6,513,378. The capital of the Savage Company is now \$3,200,000, divided into 16,000 shares of \$200 each."

NAME OF COMPANY.	Length of claims in ft.	No. of tons of ore raised in 1866.	Average value per ton.	Total yield in 1866.	Yield per foot.	Dividends paid in 1866.
Gould & Curry.	1200	54,427	29 09	1,605,228	1319	252000
Hale & Narcross.	400	24,885	45 53	1,199,768	2832	350000
Imperial.	1834	26,339	26 5	910,187	3808	170000
Yellow Jacket.	943	78,570	30 52	2,310,000	2541	390000
Crown Point.	541	34,194	38 52	1,313,057	2439	234000

OUR BANKING SYSTEM.

THE Speech from the Throne, on the opening of the New Dominion Parliament, fore-shadows a change in our monetary system. What the nature of that change shall be is as yet undetermined, but it is probable that, while the currency of the various Provinces is being assimilated, some efforts will be made to remodel our banking law. All the bank charters expire in 1870, and that time is looked forward to with some apprehension. The needs of the Province, which have led to the issue of legal tender notes, and the failure of two of our oldest banks within eighteen months, have started the inquiry whether our present banking system is a failure, and, if so, what reforms are advisable. We are of opinion that those who assert that our banking system is bad, and

must be taken to have failed, have not sufficient evidence upon which to ground the conclusion. If it can be shown that the bank failures have resulted from causes for which the system is not responsible; that mismanagement and recklessness are chargeable with the disasters; we close the mouths of those who argue merely from the fact that two banks have suspended, for no system of banking as yet devised could hold out against such adverse influences.

Nothing can exceed the simplicity of our system. Our chartered banks are banks of issue as well as banks of deposit. Their notes are not a legal tender, but are redeemable in gold at the place of issue. They are required to hold ten per cent. of their paid up capital in Government securities, and the shareholders' liability extends to twice the amount of their subscribed stock. They pay to the Government a half-yearly duty at the rate of one per cent. per annum on the amount by which their average circulation exceeds the combined average of specie and Government securities they possess during these half years. In discounting, they are advised by law not to charge more than seven per cent interest, but on notes made payable elsewhere, they have direct leave to charge a commission not exceeding one-half of one per cent. on a three months' note, and less on those for a shorter period. The banks have been relieved by statute from all penalties and forfeitures for usury, so that they may now charge what they please, and some of the Montreal banks do not hesitate to take more than seven per cent.

Now, how do they stand: On the 30th September last, the returns furnished to the Auditor General showed, as regards the banks of Ontario and Quebec, the following state of affairs:

Paid up Capital	\$30,200,355
Deposits	30,692,204
Circulation	9,134,920
Specie and Prov'l Notes...	6,942,593
Discounts	53,522,982
Total Assets	76,049,409
Liabilities	42,096,241

Although some of this \$30,200,355, paid up capital, is held on foreign account a very large proportion of it represents the investments of our own people. No doubt our monied men hold considerable quantities of bank stock but small shareholders are to be found in every part of the country and among all classes. So that a very large number of our people are directly interested in the welfare and stability of these banks and vested rights have been created with which it is extremely dangerous to meddle. So many are interested, that there is ample justification for the assertion that therein may be found the secret of our banks surviving through panics which affected more than one continent. We have little accumulated capital, individually, and when our crops are to be moved, or manufactures to be assisted, or goods are to be purchased, our grain dealers, our manufacturers, our merchants, all must of necessity apply to the banks for