

States: payment of such imports to places bordering on the Lakes being made to a large extent in Canada Bank Bills, are taken in deposit by their Banks and sent home for redemption in the usual course of their business. At the same time our Banks refuse all American Bank Bills on deposit and thus prevent their circulation in Canada; so that Americans wishing to make payments in Canada, collect all our Bank notes for remittance here, and thus our whole circulation is forced home for redemption. The United States returns for the past year show a balance of trade against us of \$3,395,044. These returns are not very reliable, but sufficiently so to show a large balance against us. At least one half of the imports from the United States are of such manufactures as a little extra capital would enable us to furnish equally good and cheap at home, while our exports are of such articles as the United States cannot themselves produce in sufficient quantities for home consumption.

Perhaps nothing shows more clearly the inadequacy of our Banking capital than a comparison of the present condition of the Canadian Banks with that of the Banks of the principal States of the American Union—as shown by the following table—

STATES.	CAPITAL.	CIRCULATION.	DEPOSITS.	DISCOUNTS.	SPECIE.
Massachusetts	\$58,571,939	17,494,232	23,613,096	99,725,161	4,880,756
Rhode Island	19,995,390	4,374,615	3,845,782	28,749,478	548,348
Connecticut	15,641,397	11,527,839	6,923,457	33,425,687	1,425,739
New York	98,108,031	11,574,943	108,957,654	239,317,698	11,800,330
Total of U. S.	313,874,272	195,747,950	212,765,662	634,183,280	59,314,063
Boston City	31,960,990	7,150,064	14,889,428	52,796,404	2,879,160
Canada	22,853,072	16,796,844	11,212,952	38,445,260	3,465,640

No doubt the state of New York which contains the principal commercial city of the Union, requires a much larger Banking Capital in proportion to its population, but surely if Boston alone requires Banking Capital of 31 millions, Canada requires a much larger Capital than 22 millions.

Looking at our present condition from every point of view we are more and more confirmed in the opinion that nothing can so much advance the prosperity of the country as a large increase of Banking Capital. Doubtless when the vast natural resources which we possess and the means of transportation at our command, become better known, a large amount of foreign capital will flow into the country seeking a profitable investment; but unless our Manufacturers are in a position to supply the increased demands of the country no amount of foreign capital expended in private enterprises will materially enrich us, for it will be constantly drained off, as we have seen the expenditure of the last five years, in importing from abroad many articles of manufacture, which sufficient capital would have enabled our Manufacturers to furnish better and cheaper at home.

Among the minor causes which affect the money market we mention the following:—The employment of foreign contractors in prosecuting our public works; this cause alone during the last four years has, undoubtedly, withdrawn from the country an amount which would otherwise have remained in it equal to one half the increase of Bank Stock during the same period. This may to a great extent have been unavoidable, but is not the less true on that account. And here we must remember that it is not one tenth only that is lost to the country, for if ten millions of money are spent on public,