THE

Monetary and Commercial Times.

WITH WHICH HAS BEEN INCORPORATED

THE MONTREAL TRADE REVIEW.

TORONTO, CAN., FRIDAY, MAY 19, 1871.

BANKING AND COMMERCIAL REVIEW.

Our readers this month will think, from the delay in this article, that we do not believe in the wisdom of that shrewd saying, *Bis dat qui cito dat*—a quick gift is a double one. From some unaccountable delay in the Audit Office, the last official bank returns, though dated "Ottawa, 16th April," did not appear in the *Gazette* until the 6th May.

We beg to suggest to Mr. Langton that trade moves too quickly for these returns to be of any value if laid by on the official shelf until some weeks after they are made up and their issue expected by those whose duty it is to use them for the main purpose for which they are compiled—viz., the information of the financial public.

On inspecting the contents of the *Gazette* since the returns were ready for publication, we are unable to find any matter at all approaching in interest and importance to these statistics in a business aspect, and trust that in future, whatever may be "crowded out" of the *Gazette*, that they may be inserted with all possible promptitude. For some time past these returns have been not only late but imperfect. Some banks neglect at times to send in their figures at the date they should be published, a neglect highly discreditable to both themselves and the Ottawa officials who should at once call for any return if not sent in at the proper time. How carelessly the auditing work is done is shown by the March returns, which actually are dated a fortnight before the close of the month they are made up for.

That the public much needs some enlightenment and direction in their financial operations has been very signally shown since our last Review. The buyers and sellers of bank stocks have been in a state of feverish doubt as to the value of this property as compared with other investments. The stock chiefly affected has been that of the Bank of Montreal, which, after reaching 275, fell in a few days to 258. This decline ostensibly was caused by the declaration of a dividend of two per cent. less for the half year than was expected. Why this *was* expected, except that a bank, having once paid a dividend declared at the time to be exceptional, is bound to repeat it, none can tell. However, holders who thought a share worth $275, which brought a dividend of $10, consented to sell the same at $258, because the dividend on it would be only $8—a very startling instance, if it had any sensible basis, of the relation of interest to capital. The stock has again not only reached the former figure, but been forced up to 300, at which price sales were effected on the 13th. We regret this excitement much. It is mischievous; the ill-informed are victimized; and men are drawn away from the steadier pursuits of their business into speculative operations, to their own damage and that of the general trade of the country.

To place restraints upon the rapid transfer of bank stocks, though quite justifiable and reasonable, would be very difficult; but we would just say that more than one sound banking institution in England has been ruined and its stockholders impoverished solely by panics created for the ends of gambling operators.

The following is the official bank return for Ontario and Quebec, 31st March, 1871:

Capital authorized	$40,466,666
Capital paid up	31,568,476

LIABILITIES.

	March 31, '71.	Feb. 28, '71.
Circulation	$18,448,575	$18,255,412
Due to other banks	2,181,729	1,815,298
Deposits not bearing interest	16,581,347	16,528,745
Deposits bearing int'st.	34,253,276	33,953,276
Total liabilities	$71,464,927	$70,552,731

ASSETS.

	March 31, '71.	Feb. 28, '71.
Specie, &c.	$12,938,814	$14,295,013
Landed or other property	1,705,704	1,693,232
Government securities	4,435,232	4,424,406
Notes of other banks	2,636,505	2,691,460
Due from other banks	12,513,224	9,954,318
Notes discounted	75,433,706	74,354,911
Other debts	1,882,237	1,941,592
Total assets	$111,544,422	$109,354,932

CIRCULATION.

	March 31.	Feb. 28.
Provincial notes	$7,400,000	$7,500,000
Bank issue	18,400,000	18,300,000
Total	$25,800,000	$25,800,000

It is very satisfactory to note that the deposits bearing interest still continue steadily to increase. The advance the first quarter this year is $1,350,000. The deposits not at interest diminished, however, by the same amount, no doubt owing to the opening of the spring trade at a very early period. There is a feature in these returns somewhat novel, and abounding with lessons of caution. We find that the discounts have increased over $3,000,000 during this year, of itself an extraordinary thing, as in no previous year has this occurred, except in 1867, for which there was a special cause. But while discounts have grown there has been no corresponding increase in the circulation, which almost invariably is affected in about the same ratio as discounts. For instance, discounts rose last year $15,500,000 and circulation $10,000,000, the Bank reserves of specie being only drawn upon for $500,000 to provide for this extra demand upon their funds. But this year the Bank *reserves* have formed *nearly the whole* of the funds employed in the extra sum loaned as discounts. Where, then, has gone this money? It is clear that we have been paying away heavily to some creditors who would not accept our Bank issues for their debts. In fact, the large importations, against which we have protested, are telling severely upon the reserve strength of the Banks, and, consequently, the country.

We are "counting our chickens before they are hatched" on a large scale. We should like to ask those who are so sanguine as to believe the country capable of paying any debts it incurs, what funds are to pay the notes maturing in the fall if the harvest is bad or a low average, and what will be the effect of another drain of specie equal to that which has taken place since last fall?

A case known to us indicates what is, we fear, going on to a large extent. A recent bankrupt was doing well up to a year ago in his old store. In an evil hour, by the temptation of increased discounts offered him by a new bank, he decided to go into new and costly premises. His stocks were doubled, his dead expenses also; his domestic expenditure increased on the basis of a new hope; but his returns did not enlarge; and now, after many years of prosperous and honorable trading, he is bankrupt. Three Banks have the necessity of pressing his endorsers to discharge their obligations, and those three Banks, by competing for his custom, must be held largely responsible for this man's ruin. Another fact has reached us. The