will give, is 2,722,500 tons; and the value of the fuel, when manufactured, is $8,712,000, at the present prices. The number of men and boys on the works, including the smiths and carpenters employed in building the barges, is 70 at a cost of wages per day of $59 The number of cubic yards of peat excavated in one day, with one machine, is 621 The produce of pulp, per day, is 165 tons The yield of fuel taking 15 per cent. only, allowing 85 per cent for the water it contains, is 70 tons. We may state that we take these facts from a memorandum distributed among the party of gentlemen who visited the works on Thursday We believe they are founded on actual experience They show that the operations must be enormously profitable, for the cost of the barges and machinery (apart from its patent right value) cannot be very great, and the wear and tear are not much. We have thought it better to publish these facts as they were distributed in memorandum shape, and because we think it is of interest that the public should know them Other companies might with advantage to the country drain other peat bogs, especially those near navigable waters and lines of railway.

THE "NATIONAL BANK" SYSTEM OF THE UNITED STATES ITS PROGRESS AND EFFECTS.

(SECOND ARTICLE)

(From the London Economist)

THE general result of the statements made last week of the policy pursued by Mr Chase, regarding the formation of National Banks, really amounted to this - That in order to obtain for the Federal Government, in the early years of the war, the support of a powerful organisation of Banks diffused over the country, he was willing to offer to capitalists and others the inducement of large immediate profits, in order to attract enterprise and resources in the direction of the institutions he desired to form

For example, the profit and loss outline of the case stands as follows at the present time as regards any five persons setting up a National Bank on the basis of subscribing $100 000 (say £20,000) in lawful money For greater simplicity we will give the figures in sterling, on an assumed exchange of $5 to the £ —

	£	£
(1) £20,000 deposited with the Comptroller in United States' Bonds, 6 per cent. in coin, equal at present price of gold to, say 8½ in greenbacks, will produce annually	20,000 a 8½ =	1,700
(2) The Comptroller will issue for this deposit ninety per cent. of National Bank Notes—say £18,000; against these £18,000 in Notes the Bank must keep 15 per cent of Legal Tenders, or £2,600 — leaving £15 400 available for advances at, say, the same rate of 8½ per cent. in paper, producing per annum	15,400 a 8½ =	1,309
(3) The result is, therefore, to give an immediate gross return of over 15 per cent. per annum, or £3,009, on the £20,000 put down .		3,009

The difference between a National Bank started on this basis, and an ordinary private or joint stock bank started purely on the strength of its own credit and connection, is vital The private bank has gradually to get out and establish a circulation for its notes A long time, several years in most cases, must elapse before it can succeed in commanding a circulation of such magnitude as to be of importance in the profits of the business But a National Bank is able to launch at once the whole of the (virtually) Government Notes received by it from the Comptroller, and for the simple reason that they possess almost all the qualities of a legal tender currency. These being the facts, it is easy to understand how it has come to pass that National Banks have multiplied so rapidly, and especially in the more remote parts of the country

The Sub-Treasuries were mere offices or vaults for the safe storage of the revenue collections. They were jealously prevented from being in any sense institutions of credit, and so long as the Federal Government had a surplus revenue and no public debt, the Sub-Treasury scheme answered. But when a crisis arrived which compelled the Government to appear as a borrower, not only for temporary purposes, but on the largest scale and by means of the issue of inconvertible paper, then it became apparent that the Secretary of the Treasury was utterly destitute of the appropriate organisation In this country the Chancellor of the Exchequer would have accomplished whatever was necessary through the medium of the Bank of England, and the independent constitution and the real and traditionary supremacy of the Bank would at once have restrained the initiation of any rash measures, and secured in a large degree the success of any sound ones But in the United States there was no central and powerful Bank, and the Sub-Treasuries were warehouses, not places of financial business Mr Chase and Congress unfortunately adopted the most dangerous of the courses open to them for meeting the necessities of the hour There were actually existing in the sea-board States banks of long standing, good credit and ample resources These banks were willing and able to give any reasonable support to the Government, and had actually afforded most extensive assistance since the commencement of the war But instead of building upon this actual and working organisation, the plan pursued was the creation of an entirely new order of institutions, absolutely dependent on the Washington Executive and with all the faults and dangers, and scarcely one of the advantages and safeguards of a chief Federal Bank

In a table (C) below, we give from the official returns collected by each State, an abstract of the condition of the State Banks at the end of the year 1862 or rather early in January, 1863,—that is, a year after the suspension of specie payments, and just before the passing of the first National Bank Act at the end of February, 1863 It is probable that these returns collected by the officers of the several States, are in a high degree trustworthy The number of banks in each State was in no case unmanageable—in New York State, for example, it was 308; in Pennsylvania. 91; in Illinois, 25, and the local supervision was aided by general local knowledge and rumour of the proceedings of each bank.

In the three groups of States included in the table (C), there were 1 205 banks But of this total number, 998 were in the eleven commercial and leading States, forming the Eastern and Middle regions of the Union. And it will better enable us to understand the real condition of the old State Banks just prior to the introduction of the National Bank scheme if we exhibit in per centages in the following table (B) the proportions of the several kinds of liability and asset

(B) Summary of the Condition of the 998 "State" Banks in the Eleven Eastern and Middle States, on 1st Jan , 1863, according to the details in table (C) below

LIABILITIES.	p c	ASSETS	p c
Circulation	11 3	Cash reserves	12 1
Due to other banks	16 7	Government securities	17 3
Deposits	40 0		
Other Liabilities..	4 6		29 4
		Due by other banks	12 6
	66 5	Loans and discounts	54.2
Capital paid	33 5	Other Investments....	3 8
	100 0		100 0

In the cash reserves appearing here as equal to 12 1 per cent of the assets, were included, of course, legal tender notes of the Federal Government. In actual specie, the Banks in the above category appear to have held about 7 per cent of their assets The Government securities included Bonds of the State as well as of the Washington Government. It is one of the errors of the National Bank scheme to compel the Banks to hold almost exclusively Federal securities The securities of the larger States, New York, Massachusetts, and others, are, for all banking purposes, investments every way as eligible for Banks within or near the States in question as securities of the Central Government. And as during the war the loans raised by the larger States for war purposes were large and constant, arising out of the necessity of providing bounties for recruits, equipments of local armaments and the like, any arrangements which restrained the facility of issuing State Loans, in order to favour the issue of Federal Loans, was a gain almost imaginary. The same people had to provide by taxes the means of paying the interest on both kinds of obligations, and the only effect of a gain of say 1 per cent o the operations of the Secretary of the Treasury wou be a loss of the same amount on the operations of the respective State Governments.

To return, however, to the figures in table (B):—In Cash Reserves and Government Securities, the State Banks held very nearly one-third (29 4 per cent.) of their total assets, a position which we shall see bye and bye compares favourably with the condition of the National Banks The large items on both sides of the account of sums "Due to" and "Due by" other Banks, arise from a practice very early adopted in all American returns of distinguishing the balances between one set of banks and another, in order to ascertain in some degree with what exactness the system of exchanges was kept up On the Liability side, the Circulation was only 11.3 per cent , and the Capital paid up was 33 5 per cent

Taken as a whole, it must be admitted that the State Banks had arrived at the end of 1862 at a condition of no little strength; and let us repeat that this advance had been established by long adherence to the only principles which are self-acting and self-controlling; that is to say, perfect freedom of action and competition between one bank and another, and one State and another, subject to a rigid enforcement of cash payment by means of an effective system of exchanges and clearings. When, therefore, we find from table (C) that in the five Middle States, including New York and Pennsylvania, the circulation was only 5 7 per cent of the liabilities, against 26 0 per cent in the more remote and less commercial Eastern States—and 32 5 per cent in the still less populous and less wealthy North-Western States- we read the wholesome result of the unfettered action of those natural laws which govern the distribution of a really convertible circulation, whether in England, Scotland France, America, or anywhere else. Where the facilities and resources of capital and credit are largest, there the quantity of circulation is least The public have to pay for the use of every Note they retain, and, consequently, they retain exactly as many as it is worth paying for, and no more The same remark applies to every other item of the returns

In a further table (D), we give corresponding returns for the 261 State Banks existing at the close of 1861 in the 10 Southern States, just before the Civil War It is probable that the figures relating to these banks are less trustworthy than the figures in table (C) arising from the more scattered nature of the banks, and from the incipient disorders which, in 1861, had begun to prevail in the South We find, however, forcible evidence of the greater poverty of the South as compared with the North in the comparative largeness of the Circulation and Loans - in the smallness of the Deposits, Reserves and Government Securities

We have now cleared the way for next week ascertaining in detail the condition of the National as compared with the State Banks

The following are *tables (C) and (D), referred to* above —

(C) UNITED STATES— Twenty Northern, &c., States—Official Return of the Condition of (State) banks therein, Jan 1, 1863, prior to Passing of National Bank Act Feb 25, 1863.

(00,000 s omitted thus 65 6 = $65 600,000.)

LIABILITIES.	(A) Six Eastern States (507 banks) $	p cnt	(B) Five Middle States (491 banks) $	p cnt.	(C) Nine North-Western States (207 banks) $	p. cnt.	Total (A B C) 20 Local States (1205 banks) $	p cnt
Circulation	43 [illegible]	26 0	31 5	5 7	19 6	32 5	116 7	13 2
Due to other Banks	31 5	7 1	64 4	12 4	1 3		90 3	10 2
Deposits	46 8	23 0	267 9	48 6	21 2	34 1	335.7	40 2
Other liabilities	11 4	4 9	28 0	5.1	4.6	1 0	44 0	5 0
	164 9	64 1	358 9	71 8	46 8	67 6	606 8	66 6
Capital paid up	136 8	35 9	155 2	28 2	15 7	32 4	297 7	31 4
	291 0	100 0	551 0	100 0	62 5	100 0	901 5	100 0

ASSETS.	(A) Six Eastern States (507 banks) $	p cnt	(B) Five Middle States (491 banks) $	p cnt.	(C) Nine North-Western States (207 banks) $	p cnt.	Total (A B C) 20 Local States (1205 banks) $	p cnt
Cash Reserves								
Specie	12 8	4 5	51 2	8 3	7 4	12 0	71 4	7 5
Cash Items.	1 1	.	12.0	7 0	1 1	1 7	14.2	1 5
Other Banks								
Balances due	25 2	10 1	19 3	7 7	9 2	14 9	81 8	9 4
Notes in hand	11 3	4 0	29 0	5 0	7 4	12 0	48 3	5 1
Stocks	8 0	2 9	146 1	24.3	8.5	13 7	162 6	17 3
Loans	216 3	76 0	265 8	44 2	21 5	39 2	506 6	55 0
Real Estate	4 5	1 7	14 0	2 0	1 6	2 6	13 1	2 0
Other Investments	2 6	0 9	8 3	1 5	2 [illegible]	4.0	13 4	1 3
	281.4	100 0	601 7	100 0	62.2	100 0	917 4	100 0

NOTE —The groups of States and number of Banks in each are as follows. —

(A) *Six Eastern States* - Maine, 69 New Hampshire, 52, Vermont, 40, Massachusetts, 183, Rhode Island, 88, Connecticut, 75—total, 507.

(B) *Five Middle States* —New York, 308, New Jersey, 52, Pennsylvania, 91, Delaware, 5, Maryland, 32, total 491

(C) *Nine North-Western States*.—Illinois, 25, Indiana, 37, Ohio, 55 Michigan, 4, Wisconsin, 64, Iowa, 14, Minnesota, 7, Kansas, 1, Nebraska, 1—total, 207.

(D) UNITED STATES. —Ten Southern States—Official Return of the Condition of the (State) Banks therein at Close of 1861, prior to the Civil War, and to the Passing of the National Bank Act Feb 25, 1863

LIABILITIES	(D) Five Southern States (147 banks) $	p cnt	(E) Five South-Western States (114 banks) $	p cnt.	Total (D E) 10 Southern States (261 banks) $	p cnt
Circulation	39 6	32 0	31.5	27 3	71 1	30 1
Due to other Banks	1 2	3 3	6 1	5.5	10 3	8 0
Deposits . .	16.5	13.0	21.5	19 0	38.0	17 0
Other Liabilities	4 1	3.3	5 6	5 0	9 7	4 1
	61 4	51 6	61 7	56 8	123 1	54 1
Capital paid up	56 3	48 4	54 0	43.2	107 2	45.9
	120 7	100 0	115 7	100.0	236.4	100 0
Cash Reserves						
Specie	8 1	6 7	21 5	18.4	29 6	12 5
Cash Items	0 2		1 9	1.5	2 0	0.8
Other Banks						
Balances due	5.1	4 1	11 0	9 3	16 1	7 0
Notes in hand	3.8	3 2	6 0	5 1	9 8	4 0
Stocks	10 0	8 3	8 0	6 8	18 0	7 2
Loans	79 3	65 8	61 7	52 7	141.0	60 0
Real Estate	10 6	8 4	2.2	1 7	12 8	5 0
Other Investments	3 5	3.5	5 1	4 5	8.6	3.5
	120 6	100 0	117.3	100 0	237 [illegible]	100 0

NOTE —The groups of States and number of Banks in each are as follows:—

(D) *Five Southern States*.—Virginia, 66; North Carolina, 31, South Carolina, 20, Georgia, 28, Florida, 2—total 147

(E) *Five South-Western States* —Alabama, 8; Louisiana, 6; Tennessee, 14; Kentucky, 44; Missouri, 42 —total, 114.

THE INTERCOLONIAL RAILWAY.

THE following letter, on the route of the Intercolonial Railway, was published in the St John *Globe* of Saturday evening the 6th July It is from the pen of a gentleman who was Chairman of the Railway Board of New Brunswick, under the Smith Anglin administration Mr Lawrence has always been an opponent of the Confederation scheme, but to judge from the tone of this letter he appears to accept fully the change in the situation, and to be laudably anxious to secure from it the greatest advantages possible.

To HON. WILLIAM McDOUGALL, Minister of Public Works in Canada.

SIR,- In the Act of Union is the following Section ' Inasmuch as the Provinces of Canada, Nova Scotia, and New Brunswick, have joined in a declaration that the construction of the Intercolonial Railway is essential to their consolidation, it shall be the duty of the Government and Parliament of Canada to provide for its commencement within six months after the Union, the Railway to connect the city of Halifax with the St. Lawrence."

THE ROUTE.

There are three routes by which the road can be built, - the Northern, Central and Western. My remarks shall be confined to the first and the last.

The chief argument in favour of the North Shore