

## BANK RETURNS.

THE statement of Canadian Banks for the month of April is published, and will be found in another column.

The following is a comparison of the liabilities and assets for that and the previous month.—

	March.	April
<b>LIABILITIES.</b>		
Notes in Circulation.....	\$ 9,653,994	\$ 9,006,225
Balances due to other Banks ..	1,480,154	1,637,189
Deposits not bearing interest ..	13,451,491	14,247,940
Deposits bearing interest .....	13,475,082	13,639,750
<b>ASSETS.</b>		
Specie, and Provincial Notes ..	\$ 6,323,811	\$ 6,634,907
Landed property of Bank .....	1,623,763	1,625,399
Government Securities .....	9,248,890	9,257,890
Notes or bills of other Banks ..	1,567,232	1,511,421
Balances due from other Banks ..	3,820,179	4,704,157
Notes and bills discounted.....	48,010,785	47,904,806
Other debts .....	2,291,130	2,327,653

From this statement it will be seen that in April as compared with March, the changes have been generally of an unimportant character. Bank note circulation shows a decrease of about \$650,000, while deposits have increased nearly a million, principally in those not bearing interest, representing current balances in banker's hands. The increase is especially noticeable in the case of the Bank of Montreal.

There is a small increase in the coin and legal tenders, but the amount is still less than 17 per cent. of the total liabilities of the banks, a proportion altogether too small should circumstances arise to create any financial panic. On the other hand, of the liabilities, about one third are special deposits bearing interest, and on which as a rule thirty days notice must be given before they can be drawn; so that the proportion of available resources to the demands which might be made on the banks at any one time, is nearly 27 per cent.

There is a slight falling back in discounts from the very high figures of March, equal to a little over \$100,000, but the amount is still large. The returns for the present month of May will, we think, show a further decrease, if the course of trade in previous years can be taken as any guide, but the demand for money has of late been quite active, and this demand has been liberally met by the banks.

## THE ENGLISH BUDGET.

NOTHING of late years in connection with finance, has been so remarkable as the slight effect which the great panic of last May, with all its crushing losses and calamities had upon the internal business and foreign commerce of England.

This panic, as is well known, was the most severe by far while it lasted, of any of the decennial revolutions which are such a remarkable feature in the banking and commercial life of the present century—never was there a time when so many great houses, firms, and companies went to the wall, and the amount and wide spread area of the calamities entailed, were quite unprecedented. Hardly a named man in England, or in India, or in the numerous English settlements of the East or Australia, but suffered loss of some amount or other, and hundreds of people lost their all. The amount of disturbance to the credit of England generally was indicated by the constant and immense accumulations of specie in the Bank of France. Everything English, strange to say, was viewed with such disfavour, that monies were being constantly drawn from London, for remittance to the Continent, and not even the temptation of an enormous difference between the rates of interest in Paris and London for months together, could tempt money over for investment. The crisis in fact was so severe as to upset all the ordinary rules of political economy, and ever since an extraordinary amount of distrust and uneasiness has prevailed.

In spite of all this, the exports of Britain showed an increase over the enormous amounts of 1864, and now that the national balance sheet for the year has been made up, it is found that instead of a large deficiency as might have been anticipated, there is a surplus. The income for the year was estimated by the late Chancellor of the Exchequer, before the panic began at £67,000,000, and it has actually amounted to £69,400,000, and this from no exceptional causes but from the steady increase in the consumptive power of the country. The real test of prosperity has always been found to be the amount realized from customs and excise. When there is a large consumption of sugar, tea, malt liquors, and spirits, people must be prospering, at all events experience proves that great

prosperity, briskness of trade, and abundance of money, is accompanied by an increase of consumption in this direction. On the other hand, hard times, bad trade, and general depression, have invariably, hitherto, told upon the consumption of luxuries, and the revenues derived from them.

In this instance however, the rule has been reversed to a large extent. Coincident with a severe panic, deep depression, heavy losses, destruction of property, and continued gloom during a large portion of the year, we have the unexampled phenomenon of an increase of exports, and of revenue derived from luxuries.

This curious state of things can only be accounted for on one supposition, which supposition confirms an observation that has already been made on that subject, viz., that the panic and depression though necessarily severe have been confined within very narrow limits. It has been, so to speak, a stockholders' panic, and the losses that have been incurred, were to a large extent, of such a character as to leave the national resources and wealth, almost wholly unimpaired. Take for example, the most prominent instance of failure which the panic produced, that of Overend & Co., Limited. England is taken collectively not one whit poorer by reason of that failure. A great many persons who took stock in the concern will lose, but then what they lose, the creditors in the old firm will gain. The old firm in fact, have simply spread over a large area, the loss which two years ago was concentrated in their own persons and that of their creditors. The assets of the firm, whatever these were, pursuing that term to all its ramifications through the assets of their debtors, are not impaired in value, in fact a large portion of their assets have turned out more valuable than was anticipated. The landed estates of the partners so far as they have been realized, show a considerable augmentation over even the high value put on them, when the business of the firm was transferred to a company. Similarly, the ships, lands, houses, stocks of goods and merchandize of every description, at home and abroad remain the same, and will apparently realize just as much as ever. This case is a fair example of most of the failures that have occurred. A vast fabric of fictitious wealth has disappeared, but it was only fictitious, and after the smoke has cleared away it is found that speaking broadly and generally, the nation is in the same position as before. Money and property have, in innumerable instances changed hands, but the real result to a large extent is, that what one has lost, another has gained.

This result will probably throw considerable light on the subject of the real influence of panics and commercial disturbances in future, and if it tends to mitigate any of that needless alarm which would confound such a panic with universal bankruptcy, a great result will have been accomplished.

Here, as is known, the panic affected us but little; and we may hope that a time has arrived when our revenue like that of England may have a surplus over expenditure year by year.

## THE WOOLLEN BUSINESS.

EVERY friend of Canadian progress must be gratified with the advancement made by this country in manufacturing during the past eight or ten years. The writer believes that no nation can be truly powerful and great which does not engage in manufacturing to a considerable extent. Every country which makes its mark, so to speak, in the world, must have varied forms of industry, and it has therefore been with great satisfaction that we have seen Canada making rapid strides in this direction for several years past. Every new branch of manufactures commenced in this country, is an advantage to the whole people. It gives labour to those in search of it, it attracts skilled workmen from other countries, it keeps capital in the country to enrich it, which would otherwise be spent abroad, and in various other ways tends to advance the general prosperity. But we did not intend to speak of manufacturing industry in general, and must not digress further at present.

Regarding the Woollen business, we have a few words to say which we think are called for at the present time. No branch of trade has of late progressed more rapidly and satisfactorily than this one has. The quantity of woollen goods now made throughout Ontario and Quebec is very large; the quality too is really very creditable to our manufacturers, many of whom have proven themselves to be men of ability

and enterprise. Canada has all the requisites to render this trade profitable, we have excellent water power, abundance of wool, and moderately priced labour. Combined with these advantages, the tariff has afforded considerable encouragement to the woollen business, and the heavy taxation across the line has so increased the cost of production there, that the position of the United States has been pretty effectually killed off. All these circumstances have tended to render the Canadian woollen business quite profitable, whenever skillfully conducted. The natural effect of this is now taking place. Attracted by good profits, the business has become exceedingly popular; new mills—some of them on a large scale—are going up in all directions; large amounts of capital are being directed from other investments, in this channel doubtless in the expectation of larger returns. These circumstances are suggestive, and have an important bearing on the future. A few considerations arising therefrom must strike everyone who gives the subject a moment's consideration, and some of these, for prudential reasons, we propose to refer to.

We are always glad to hear of manufacturing progress, of new mills going up, new machinery ordered, and all the *et ceteras*. But is there not a danger that sooner or later the woollen business of Canada will be overdone? Would it not be well for the many who, with commendable enterprise, seem eager to embark in this particular branch of manufactures, to consider whether the demand for such goods will always be equal to the supply? The market which Canada offers for woollens which can be profitably produced here is not very extensive. The field opening in the Maritime Provinces will, no doubt, increase its extent; but our united population is under 4,000,000 and therefore, at the best, our market must remain a limited one. How long will it be, at the rapid rate at which woollen mills are going up, until they are able to produce far more goods than our market requires? This is an important question to every person who has money invested in this line, and it is one which should enter into every calculation regarding it.

Our own opinion is—that the time when our woollen manufactures will be more than the country can consume, cannot be very far distant. The rapidity with which capital is being transferred into this trade, is exceedingly marked. The number of mills about being commenced, or which are nearly ready to begin operations, can be counted by dozens, and the increased amount of goods which they will be able to turn out when completed, will undoubtedly be very large. If this increasing production of woollens goes on, the supply must eventually surpass the demand, the market become glutted—and, what then?

According to the experience of other countries, a revolution will then take place in the trade. During its existence, weak firms will be very apt to topple over the smaller establishments become utterly unprofitable, and the soundest and most enterprising be severely tried. Thereafter, the tendency will be to mammoth manufactories, requiring vast capital, with none but the most perfect machinery, and employing the best skill which can be obtained. This, as we believe, been the general experience of most nations, and there is no reason which we can see, likely to prevent its being ours. If the markets of foreign countries could be opened to us on easy terms, it is possible that the day of trial might be indefinitely postponed. But we hardly think this possible. The United States is madly protectionist in principle, and we would hardly be able to compete with Great Britain on equal terms in other foreign countries.

We have thrown out those ideas on the woollen business from no disposition to discourage manufacturing enterprise. They are opinions the writer has held for some time, and which it is thought it may do good to make public. Circumstances may so favour the trade that it may continue prosperous for many years to come—may in fact escape any very serious check. But we have no hesitation in standing by the views we have expressed above. We cannot see where a market will be got for our woollens, if mills keep increasing as rapidly as at present. We fear that, sooner or later, such goods may become a drug in the market, and it requires no prophetic vision to foresee the result of that. It would please us exceedingly to think that no fears might be entertained on this head—that the more rapidly our woollen manufactures could increase the better. But we think there is a certain amount of danger to be feared in the future, and we have endeavoured to throw out a few hints upon the subject, which may be worthy of consideration by those more immediately interested.