

Our Canadian Banking System.

We have received for review a pamphlet on the above subject. It is written by one of our highest financial authorities, the editor of the Canadian Journal of Commerce; and though the subject is not a very attractive one to the general reader, yet its intelligent comprehension by the public, and especially the commercial public, is just now of such vital importance, that we deem it worthy of more than a passing notice; and the more so that having carefully read the pamphlet referred to, we consider its enunciations sound, and worthy of consideration by our government.

It is no doubt pretty generally understood that the charters of all our Banks will expire in a very short time, and that there is good reason for believing that the government, instead of renewing these, will endeavor to introduce something similar to the National Banking System of the United States; or else so extend the legal tender system as to establish a purely government issue. To do either would, we believe, be a fatal mistake. With respect to the latter—the issue of government currency—it was a measure, justified only by the extraordinary circumstances of the country. As the author of the pamphlet puts it: "The government of the country was fighting for very existence, and could only meet the fearful emergency by pledging the resources of the nation for many future years. But to attempt a comparison between this state of things and what obtains in Canada at the present moment is absurd. We have no need to increase our debt. Our Government is not embarrassed. There is no overwhelming and pressing necessity upon us which makes it essential that the floating capital of the country be placed in its hands. Far better employ it in trade and commerce through the legitimate operations of commerce." This is most unquestionably true, and destroys at once any argument attempted to be based upon a similarity of condition or purpose.

Our incorporated banks under the present system can issue notes equal in amount to their paid-up capital. This not including that of the Montreal Bank (which has surrendered its circulation to the government under the legal tender system), amounts to over twenty-nine millions; but the average monthly circulation varies from eight to ten millions, or about one-third the amount authorized by law. In times of business activity, when the produce of the country has to be moved, it naturally expands to meet demands of trade, and in dull times again contracts. When this contraction occurs the Bank must be prepared, if it would sustain its good name, to redeem every note it has issued; and this necessarily guards against over-expansion. The advantage of this system is apparent. As our author very justly remarks: "This necessity for watchfulness is a better security to a bank and to the public, than any artificial support which might be derived from a government connection, and is one of the strongest arguments for the maintenance of the present system. The proverb, 'Take care of the pence, and the pounds will take care of themselves,' really applies to this view of our subject. By the habit of constantly feeling the pulse of the community through the influx and reflux of the circulation, a bank can foresee and anticipate changes, and is better able to take care of its depositors." The advocates of the present banking system (and they include the most experienced men in the country) do not by any means maintain that it is not capable of great improvement in matters of detail. On the contrary it is freely acknowledged to be susceptible of amendment by prudent legislation, especially with a view of making notes a first charge upon the assets in cases of failure. What is held is that it would be the most consummate folly to exchange the principle of an independent note circulation, and of direct responsibility to the public, for the dangerous expedient of a government issue, on the ground of greater security to the note holder. Under the independent system the wants of commerce have been fully met, and we have enjoyed unexampled prosperity, while as to security we can compare favorably with any other country in the world. The two most serious failures we ever had were those of the Commercial Bank and the Bank of Upper Canada. In the former instance the notes have been paid in full; and in the latter there is little doubt but that they ultimately will be; and moreover, any loss sustained is not due to the system, but to government interference and jobbery.

The cry now and then raised against the security of note-holders under the present system, is almost wholly without foundation, and would be utterly so had we the amendment suggested, viz., notes made a first charge upon the assets of the Bank. A few figures will prove this conclusively. The present note circulation of all the banks does not much exceed \$10,000,000. To meet this there would be on an average, government securities \$4,000,000, bills receivable \$45,000,000, and twice the amount of paid up capital, or \$91,000,000 more! No insufficient security certainly. Or to put it differently: In 1868 the total liabilities of the banks ranged from \$40,000,000 to \$50,000,000, while their assets ranged from \$70,000,000 to \$80,000,000, with \$40,000,000 to fall back upon if the change suggested were effected.

Notwithstanding this self-evident security of the present system, it is proposed in high official quarters to supersede it by an extension of the Provincial note system; in other words, the creation of a national paper currency, in the form of legal tenders to be issued by the banks instead of their own notes. One argument used in favor of this proposed change is that of greater security. We have shown above, that our security is abundant. As to the injurious influence of a government issue we again quote the words of our author: "The adoption of a national paper currency leads to many abuses, especially in the disturbance of values and in the centralization of great financial power in the hands of the government. Especially is this the case when the paper so created is constituted a legal tender, which almost invariably happens." The writer of the article on political economy, in the Encyclopedia Britannica says: "There are extraordinary dangers attending the use of this instrument (government paper money) and no cause has, perhaps, been productive of more signal commercial disasters." Again Mr. R. H. Hubbard, Comptroller of the United States, in his report on its influence in that country: "Such a currency possesses no inherent qualities which adapt it to the wants of trade. It does not contract during seasons of inactivity, nor expand to meet the demands of active business. So far as the legal tender currency has been from performing the equal and harmonious functions of money in its relations to trade and industry, that it has been the great disturbing element. By it all relative values have been unsettled, trade interrupted, and industry disorganized to such an extent that the whole foreign and domestic trade has been compelled to adjust itself over and over again, to the altered condition of the currency. Nothing has been permanent. Violent fluctuations have characterized the market for every commodity, and speculation has usurped the place of regular and legitimate traffic." If this were not sufficient evidence we have the additional fact that Austria, England, Russia and France, have all tried the experiment of legal tenders with most disastrous results, and owing to the prevalence of the system in the States, the American Government now pays twenty-five millions out of every hundred for discount. Our author puts the matter in a nutshell, and we quote again: "One might almost as reasonably counsel a youthful heir to a good estate to become a reckless borrower, and to send his ancestral acres to the winds, in the shape of accommodation paper, as to seriously advocate the adoption of a government note currency in a community like ours. It is only justifiable when it is the last resort of an embarrassed Treasury, and when the national honor and existence are at stake, and even then experience shows that whenever it is adopted a long heritage of debt and high expenditures is entailed upon the country which sanctions or suffers it." The other system proposed is to found our bank circulation upon national securities as is done in the U. S. National Banks. This is effected by the Banks buying from and then depositing with the government as security, bonds exceeding the value of their circulation. Without discussing the effects of such a change as applied to us in detail, we may simply note what is evident on the surface, that it would abstract from active circulation in the country some eight or ten million dollars and place them at the disposal of the government. And what would the government do with it? Send it out again as our Banks now do to facilitate commercial transactions? No. Spend it on "unproductive public works, fortifications, extravagance, high salaries, useless officials, experiments of all kinds—all carried on with money which might be distributed all over the country through the ordinary channels of trade." We have extravagance enough without encouraging its extension this way. But what is more to the point, we can spare the money. We want it—every dollar, and millions more—to promote commerce and develop our resources. The great want of the country is more capital. What madness then to withdraw at once a sum nearly equal to our whole bank circulation. This would be folly in the fullest sense of the word, and the consequences of such an act in paralyzing enterprise, depreciating prices, and precipitating general bankruptcy, can easily be foreseen.

We have not space to pursue this subject further at present. Suffice it to say that we fully agree with the author of the pamphlet in declaring that the proposed change in our banking system is unnecessary and undesirable, and calculated to inflict disaster upon the material interests of the country. The adoption of either the Legal Tender or the National Bank systems would, we believe, prove a national calamity; and it is with the view of arousing public attention to the question that we have thus briefly outlined the arguments against them. We hope every business man will read this pamphlet for himself, and that timely influence will be exerted on the Government to prevent any rash interference with our most valued commercial institutions.

BIRTHS.
SKINNER—At Guelph, on the 24th inst., the wife of Mr. George H. Skinner, of a daughter. (Yesterday the above was put by mistake a son instead of a daughter.)
DAVIS—In Listowel, on the 15th ult., the wife of Mr. Angus Davis, of a daughter.
DOUGLAS—In the Township of Minto, on the 20th ult., the wife of Mr. Donald Douglas, of a son.
BLACK—In Mount Forest, on the 21st ult., the wife of Mr. William Black, of a son.

SEED POTATOES

Go to **HIRSCH & KENNEDY'S** Produce Store, West Market Square, Guelph, April 30.

1869. SPRING. 1869.

NEW & FASHIONABLE GOODS.

JOHN R. PORTE,

Practical Watchmaker, late of the Sheffield House, Toronto—the largest and most fashionable House in the Dominion, begs to intimate to the people of Guelph and the vicinity that he has received and opened at his store,

WYNDHAM STREET, GUELPH.

A large and choice assortment of the following Goods, adapted for the present season:

GOLD & SILVER WATCHES,

CHAINS, GUARDS, &c. FINE COLOURED AND BRIGHT GOLD BROOCHES AND EAR-RINGS, FINE COLOURED AND BRIGHT GOLD COLLAR BUTTONS, STUDS, AND SOLITAIRE.

JET AND BOG OAK, RUBBER AND IVORY JEWELLERY.

Spectacles—A large assortment of Periscope, Rock Crystal, and common Spectacles.

Electro-Plated Ware—Spoons, Forks, Butter Coolers, Butter Knives, Castors, Cake Baskets, Silvers, Toast Racks, all of the very best plate and newest patterns. JOSEPH RODGERS & SONS' TABLE CUTLERY. PAPER MACHE—steel and iron. TRAYS—best quality.

VASES—Lustre and Bohemian Glass and other vases. CLOCKS—in great variety and at all prices. Croquet Sets, Lacrosse and Balls.

REPAIRING DONE PROMPTLY AND AT LOW PRICES. ENGRAVING OF EVERY DESCRIPTION ATTENDED TO.

Remember the name and place—
JOHN R. PORTE,
Guelph, April 30. dw Next door to Berry's Confectionery Store, Wyndham-St.

FRASER'S

25 Cent SALE.

THE FIRST TIME ANYTHING OF THE KIND HAS BEEN ATTEMPTED IN GUELPH.

The floor above my store is crammed with thousands of **PACKETS** of various Goods which will be sold at

25 CENTS EACH PACKET

No customer being allowed to purchase more than one packet of the same lot. The sale will commence at 9 o'clock

On Saturday, the 1st day of May,

And will continue until the whole is disposed of. Parties coming early will have the best choice, which is well worth having, as many of the packets cost over \$2.00.

To prevent exceeding at this **TWENTY-FIVE CENT SALE**, only a limited number will be admitted to the first lot at one time.

This Twenty-Five Cent Sale is strictly cash.
G. B. FRASER.
Guelph, April 30.

SHARPE'S SEED STORE.

C. & A. SHARPE
Call attention to their stock of SEEDS, the growth of 1868, consisting of

MANGEL WURTZEL SEED!

LONG RED, very large Soft variety suitable for deep soils.
LONG YELLOW, for deep soils, grows very large and keeps well.
YELLOW GLOBE, very heavy cropper for shallow soils.
RED GLOBE, for shallow soils, keeps well and very solid.
SHARPE'S INTERMEDIATE, recently introduced by H. & F. Sharpe, and proved to be the best variety of Mangel grown both as regards crop, solidity and keeping; is of oval shape, and grows well on either deep or shallow soil.

CARROT SEED.

EARLY SCARLET HORN, short, for shallow soil, when sown thick is very prolific.
LONG RED ALTHINGHAM, very large and solid, good for deep soil.
LONG ORANGE, for table use, and superior for field culture where the soil is deep.
SCARLET INTERMEDIATE, grows very thick and is one of the heaviest croppers; does well on shallow soil.
WHITE BELGIAN, a large variety for field culture, grows very abundant on deep soil.

ALL VARIETIES OF FIELD, GARDEN AND FLOWER SEEDS.

SUPER-PHOSPHATE OF LIME AND RAW BONE DUST.
Catalogues sent FREE to any address on application.
C. & A. SHARPE, Market Square, Guelph.
Guelph, April 23. dwsw

1st MAY, 1869. BAZAAR.

GRAND

Orange Discussion,

THIS EVENING,

To be held at
HUGH WALKER'S FRUIT DEPOT.

SUBJECT:
Good Oranges only 30c. per doz.

A Fresh Arrival of OYSTERS just received.
HUGH WALKER, Wyndham-St., Guelph.

NOTICE TO ALL IT MAY CONCERN

James Gay is coming out by the help of one above, To pay his debts to every one through kindness and through love. And as for leaving Guelph as that Aelter says, He will never leave Guelph in that manful way.

So he wants the Guelph people and the country to fairly to understand as to having any trickery, Gay is not the man; Now my friends of Guelph and country people to I have given you all to understand I to fetch on your work as usual to that wonderful little man.

James Gay, Gun and Locksmith, West Market Square, Guelph, where all the above branches of work will be carried On as usual by him and as far as his abilities will allow him, To give general satisfaction to every one that will favour him with their call.
JAMES GAY.
Guelph, May 1 do 1

WAGGON FOR SALE.

For sale, a Single Spring Waggon. Appl at the Express Office.
W. H. CUTTEN
Guelph, 27th April. d'f

MONEY, MONEY IS WANTED



AT THE GOLDEN LION GUELPH.

HOGG & CHANCE

Are going to offer their entire Stock of

DRY GOODS CLOTHING MILLINERY

Just imported direct from Britain at a trifle over cost prices.

Great Bargains may be looked for. Call at once with your Money and get extraordinary value. Now is the time.

No Credit is given. Small profits and money down is the order of the day.
Guelph, April 24. dw **HOGG & CHANCE.**

Pure & Genuine

Old Port Wine, Pale and Dark Sherries, Canadian Grape Wine.

Martell's Brandy, Hay's Scotch Whiskey, Dunville's Irish Whisky.

Blood's Porter, Guinness' Porter, O'Keefe's Porter.

Bass's Ale, Jeffrey's Ale, Molson's Ale, O'Keefe's Ale.

IN WOOD AND BOTTLE, AT

JNO. RISK'S, No. 1, Day's Block.

Guelph, April 23. dw

DAY'S No. 2. BLOCK

GROCERIES

PRICE CURRENT:

Prime Young Hyson	63c
Very Choice, better than is usually sold at One Dollar, strongly recommended	75c
Finest Imported Roman Crop	75c
Fine Congou	50c
Finest Souchong	75c
Pure Java Coffee—ground every morning	25c
Bright Muscovado Sugar, 10 lbs. for	\$1 00
Finest New York Broken Loaf, or Powered, per lb.	15c
Choice Smoking Tobacco	20c
Very Choice Tobacco	25c
Extra Choice, generally sold at 50c.	30c
Honey Dew, for Chewing	30c
Finest New Currants	5c
Finest New Valentinia Raisins	8c
Finest New Layer Raisins	10c
Best quality Rice, 20 lbs. for	\$1 00
Choice Figs	8c

E. CARROLL & CO. IMPORTERS.

Guelph, April, 1869. dw No. 2, Wyndham Street, Guelph.