

BRYCE, McMURRICH

& Co.,

IMPORTERS AND WHOLESALE

DRY GOODS

Merchants,

WAREHOUSE

34 YONGE ST., TORONTO.

**THE MONETARY TIMES,
AND TRADE REVIEW.**

TORONTO, CAN., FRIDAY AUG. 27, 1875

FINANCIAL REVIEW.

Looking at the statement of the condition of the banks before us, which now includes the amended return of the Jacques Cartier Bank, we cannot but think of the way in which the Government and the public have long been deceived by its falsified statements. And this suggests a very grave question, viz.—whether some plan of Government examination is not a necessary complement of our banking system. The banks have the privilege of issuing promissory notes for circulation, and we have always upheld and defended the system under which they do so. But this system makes a large portion of the public the involuntary creditors of the banks. The notes are not legal tender it is true, and no one can be compelled to take them against his will; but they circulate freely and no one could take such a stand as to be constantly refusing them. The Government have insisted on certain safeguards as a condition of the privileges enjoyed by the banks, one of the most important of which is the publication of the returns which regularly appear in the Canada Gazette. These returns are all certified as correct by the President and Cashier of each bank, and the banking Act provides that the wilfully making any false return shall be a misdemeanor. It has been proved, however, that these precautions are insufficient. Most flagrant falsifications of returns have appeared in the case of the bank above-named; and the public, the Government, and its stockholders, have all been alike deceived. And, unplea-

sant as such a query may be, the question cannot but arise in the minds of thoughtful men,—what if there are other errors? A grave question indeed!

A government inspection would be fraught with difficulty here, though it is practised in the States, owing to the great difference in the banking system of the two countries.

There, almost every bank transacts its whole business in one office; hence, an examination of that one office is an examination of the Bank. Here, on the contrary, almost every bank has one or more branches, the whole of which would require looking into before the work of examining any one bank would be complete. The difficulties in the way are considerable, but greater administrative difficulties than this have been overcome; and the matter is one of such vital importance to the country, that we are convinced it should receive consideration at the hands of the Government. The public, at any rate, who receive and scan the bank returns with the care which their importance demands, have a right to require that everything possible shall be done to ensure that the returns are correct.

The condition of the country is in many respects unsatisfactory, and the times are fraught with fear and anxiety. Yet we must not allow such fear to prevail to an unreasonable degree; and it will be well to remember that there are some aspects of our condition that are highly encouraging. We have undoubtedly one of the finest harvests that the country has ever been favored with; and a good harvest never failed to bring about a return of prosperity. A general curtailment and reduction of importation and manufacturing production has commenced, and will undoubtedly be followed up. This is a very good sign. We have in truth been doing too much business for our capital for several years back. The resources of banks and loan institutions have been strained to supply the endless demands of borrowers. More stocks, more buildings, more machinery, more plant, was the order of the day, and largely on borrowed money. Such a state of things inevitably brings about a reaction. It is a well settled rule that people are far more careless in spending borrowed money than they are with their own; and Canada has had a full experience of this during the last few years. The resources of lenders were, however, exhausted at last, and ever since then, say about last March, a complete turn in the tide has taken place. Spite of the threatening aspect of the times we are in truth in a more healthy condition than we were a year ago. We are on our way to a more solid prosperity.

The failures of the last few months have

given rise to an amount of apprehension which is scarcely justified. On examination, it will be found that in the majority of instances, the persons who have failed had been known to be in a critical condition for some time back. Most of them were known to be entirely dependent on borrowing facilities, and to be carrying on business far beyond their means. Some were old houses that have been tottering for years back, and only kept up appearances by desperate struggling. Others were young and ambitious houses that attempted a large wholesale business on a capital barely sufficient for a respectable retail store. Such as these invariably "go the wall," on the first financial pressure, and we have pointed out again and again that we had far too much of this kind of thing amongst us. Men who have saved their three or four thousand dollars have formed a partnership, hired a warehouse, and call themselves Blank & Co., palming themselves off as a great wholesale house, with new and extended facilities, &c. The marvel is that such firms could get the enormous amounts of credit they have been able to obtain in England. Other failures are of men who have failed before, and having succeeded in patching up their affairs, got credit again and struggled along for a few years more, only to repeat the old story. In some few cases there has been fraud and dishonesty. Such always turn up in times like these, but the instances are few, and if creditors would deal with them as they ought, there would be fewer still.

We repeat, then, there have been reasons for nearly every failure, that might have been ascertained beforehand. As a matter of fact, few of the recent failures have occasioned any surprise. Nothing has transpired of such a nature as to give a general shock to credit. People have been thoughtlessly saying that now we do not know who to trust. There is no reason for this kind of talk. If bankers and men of business will only exercise a reasonable amount of judgment, they will discriminate without difficulty between the sound and the unsound. And at a time like this, it is particularly important to let character have its weight. Some men deserve assistance and forbearance. They are economical, industrious, and know their business. They have been perhaps imprudent in buying too much stock, or erecting a building, but they have the elements of success in them. It will be wise of bankers and creditors generally, to assist such as these, and help them through. There are others who deserve no assistance. They have no right to be in busi-