

OUR MONETARY POSITION.

The following statements and enquiry are from the *Montreal Witness* of August 24th :

"Money has been *dangerously scarce* and is worth far too high a rate on 'the street.' The reason for this *unexpected* state of things are variously assigned by well informed persons."

A correspondent in the same paper enquires :

"How is it that the Banks are now forced to shut down, and refuse discounts and accommodation? We hope some satisfactory solution of the Bank position will be vouchsafed, and some indication given how the commercial community may be able to avoid what is supposed to be an impending crisis."

Those enquiries by and through the *Witness*, stand strangely when placed face to face with its prophecies, which were endorsed by the *Globe*, in regard to money matters, only a few months before. A grain of truth is more valuable than a cargo of error. In opposition to the *Montreal Witness* and *Toronto Globe*—as will be seen further on—we in January last, distinctly set forth certain facts as the premonitory symptoms which were then fast drifting us into another "commercial crisis." The *first* shell has already exploded in the camp, and startled the sleepers in their false security. They—the leading importers and financial Newspapers—are now hunting about in the night of ignorance for the light—truth—which they have hid under their free trade bushel, and also covered it over with the multitude of figures which represent the liabilities—deposits—of our Banks, calling them veritable gold, upon which they have based their prospects for long years of future industrial and commercial prosperity.

Ignorance can go no farther, nor sink no lower in finance than to call the debts that a man owes, gold in hand, or the "*deposits*" our Banks have sold to foreign countries, an

"accumulation of capital in our own land."

The *Montreal Witness*, in its review of the Bank Statements for September, 1863,—which can be seen in the *British American Almanac* for 1864, page 173—states :

"Deposits exhibit a considerable increase. Last month they amounted to \$21,327,000, this month they have risen to \$22,121,000, the largest amount ever returned under this head. The steady and gradual increase of the deposit line is a very gratifying circumstance, and points to an *accumulation* of capital in the country, which will have much to do with lowering the rate of interest on money and developing the resources of the country in an economical manner. Hitherto there has been a good deal of neglect in this last particular. Money has been borrowed at high rates for the extension of *agricultural* operations, milling, manufacturing, and what not, all good in themselves, but which may be purchased at too great a price. The consequence is, that vast numbers of farms, mills, stores, &c., have cost far more than they are worth, and though a future generation may reap the benefit, the people of the present have been in many instances ruined. There are villages in which the property is mortgaged for probably more than the whole place would sell for, at the present moment; and mainly on account of money borrowed being at such a heavy rate of interest, that fresh mortgages had to be taken in addition to the original ones in order to provide for it. • • • The Bank of Montreal has considerable more specie than its circulation. The other Banks, too, are mostly in a very good position in this respect, and a few are nearly as strong in this respect as the Bank of Montreal. We hope they may continue so to be, and do not know of any reason to prevent it."

An accumulation of *deposits*, without an accumulation of gold in the banks, is the evidence of an increase of *debt* and not of capital. To do the banks no injustice, we add their liability for notes in circulation, and for their deposits together, and compare the relative amounts at two different