

Breadstuffs at home; still it is equally clear that when this expenditure even partially ceases, importations must also be reduced, and to this subject we desire to call the attention of our Importing friends. Doubtless the rapid growth of the country in population and material wealth would seem to warrant even larger importations, but we must bear in mind that much of that wealth is inconvertible, and while the country may be rich in all that constitutes real wealth, a large drain on the currency must cause such a stringency in the money market as seriously to injure our prosperity at home and the credit of our merchants abroad. It would in our opinion be much better for the prosperity of the country to see our merchants realize their profits from an advance in the price of goods sold, than by larger sales and uncertain payments.

It will thus be seen that so far as Canada is concerned, the principal benefits arising from the completion of the Grand Trunk Railroad, and similar public enterprises, are yet to be derived from the facilities they afford in developing our resources. To secure this, what we most require is a more adequate supply of Banking or other cash capital, to carry on the increased business of the country. What has been the increase of Banking Capital during the last six years? The entire paid up capital of all our Banks was in May, 1850, £2,775,880; and in November, 1856, including free Banks £4,804,768. This increase, large as it is, has not been equal to the increased trade of the country. From 1850 to 1856 our imports increased in round numbers from £5,000,000 to £11,000,000 while our Banking Capital only increased about £2,000,000 or not sufficient to meet the increased requirements of Commerce alone, and nothing at all to aid the extension in our manufactures, or to facilitate transactions in real estate at its present enhanced value. That our Banks have extended their accommodation to the utmost safe limit is shown by referring to their published statements in 1850 and 1856.

	COIN.	CIRCULATION.	DEPOSITS.	LOANS.
1850	£384,111	£1,309,932	£1,524,261	£4,374,898
1856	£886,410	4,199,211	2,803,238	9,611,315
Increase	502,299	2,889,279	1,278,977	5,236,417

These tables are taken from the returns of May, 1850, and November, 1856.

These statements show that in 1850 the coin and bullion was nearly one third of the circulation, while in 1856 it was only a little over one fifth. The loans and discounts increased £5,236,417, while the deposits only increased £1,278,977, or not one fourth the increased amount of accommodation. But this great expansion places the trading community in a very precarious position, for the slightest drain upon the specie necessarily affects the circulation, and curtails, when most needed, the already inadequate accommodation of the Banks. It is stated by one of our Banks in its last annual statement that the amount withdrawn by settlers going west, (although no doubt more than balanced by the sums brought by settlers into the country,) affects seriously the Bank circulation in Canada West. A closer examination of the causes of this constant drain of gold will, we think, show that it arises mainly from the large amount of our imports from, over our exports to, the United

* Our Correspondent has omitted the Gov. Bank, capital £200,000. This Bank makes no returns. The Bank of B. N. America is only an estimate, but will be found nearly correct.—*Ed. M. M.*