

1873. JULY. 1873

## ALL DEPARTMENTS

CONTINUE

WELL AND FULLY ASSORTED.

Bryce McMurrich &amp; Co.

34 YONGE STREET,  
TORONTO.THE MONETARY TIMES,  
AND TRADE REVIEW.

TORONTO, CAN. FRIDAY, AUG.1, 1873

## BANKING REVIEW.

The aspect of the harvest has been changed since our last review by those "early and copious rains" which we then declared essential to the saving of certain crops from utter failure. The cutting of fall wheat has commenced and is found generally a good crop, better than the average of late years. Spring-sown grains, turnips and grasses have recovered sufficiently from the drought to be far more abundant in yield and weight than could have been expected from their appearance early this month. It has been estimated by experienced observers that these crops have been improved 25 per cent in yield by the late rains, which means a net gain to the country of a sum of money which will be appreciably felt in all its financing and business, public and private, for the next year.

It would be useless as well as impolitic to attempt any concealment of the fact that considerable uneasiness prevails in business circles as to the course which financial matters will take before the close of the year. It is not that a few conspicuous houses have been shaken and some fallen, that is not any sign of diminished prosperity or confidence in its continuance. Prosperity to some men is intoxication, and, however contradictory it may sound, such a class really thrive most when only moderately prosperous. The present distrust is due to a general reaction which has been engendered by the discovery that the expanded operations of late years have not brought a proportionate expansion of

realized profits. Inflated business is apt to bring empty gains, and just now our traders are realising that a long spell of excitement, anxiety, toil and hope has left no more residuum of reward than might have been obtained at one-third the expense in labor and worry and scheming. The downfall of Ritchie, Gregg & Co. is opportune, though a little late. The moral of that case is so patent that we need not draw it here, but one aspect is too serious to be passed over as it exposes a most scandalous system of neglect on the part of some banks to ascertain the *bona fides* of paper offered for discount, or more scandalous disregard of banking ethics in discounting mere kites for the sake of a high rate, or disgraceful ignorance of the principles on which banking should be conducted. We are unable to see how a firm like the one in question could put notes by the hundred thousand upon the discount market and raise large sums by issuing sterling exchange unless one or other of the allegations we have named are justly applicable to the bankers who found the string and wind for their kites. To distinguish between bogus and *bona fide* bills of exchange is part of the craft of a banker; one who cannot do that should leave the calling to those who can, and who understand that they *must*, in order to honorably acquit themselves of their responsibilities to the shareholders and the public. As well expect health in a city which ignores sanitary measures as a sound condition of trade when bankers are ready to discount any paper which schemers are audacious enough to pass in as a basis for advances.

The sawed lumber interest is very dull, sales are difficult, and some mills are working only half time in order to diminish production. This policy is wise even when not specifically necessary as over production in past years has culminated in a breakdown of prices; and a reaction must come from those high figures which have until lately been maintained. The trade of Quebec is dull from the giving way in the lumber and timber market; fewer ships are leaving the port, freights, too, are high and excepting for oak and other hard woods buyers are shy. It is currently reported that it is impossible to arrive at any satisfactory settlement of the affairs of the great lumber ring; and the prospect now is that the assets of the combination will have to be realized in bankruptcy. This is a most serious affair for the lumber interest, should this mode of settlement have to be resorted to.

The last official return of the banks of Ontario and Quebec is as follows:

## LIABILITIES.

	30th June, '73.	31st May, '73
Capital authorized...	\$58,066,666	\$59,316,666
Capital paid-up ....	51,294,239	50,924,234
Circulation .....	\$22,383,261	\$21,782,445
Govt. dep'ts on dem'd	6,720,954	6,784,346
Pub. do. do.	20,666,860	27,550,126
Gov. dep'ts at notice.	4,451,017	4,451,017
Pub. do. do.	23,017,461	22,488,918
Due Banks in Can ..	1,633,968	1,190,579
do. not in Can.	2,399,960	2,596,257
Sundries .....	61,707	142,607
	\$90,335,191	\$87,986,298
ASSETS.		
Specie .....	\$6,181,936	\$5,605,795
Dominion notes....	7,871,954	7,810,401
Notes, &c., of other Banks .....	4,285,916	3,908,545
Due from other Bks. In Canada .....	2,703,169	2,797,500
Due from Banks not in Canada .....	11,452,731	12,219,215
	\$32,495,706	\$32,341,456
Govt. stock .....	1,324,761	1,324,761
Loans to Govt ....	22,466	30,950
Loans to Corpora'ns	2,138,624	1,773,754
Discounts, including over-due notes...	115,477,412	114,374,202
Real Estate.....	847,868	815,551
Bank Premises ....	2,106,904	2,088,625
Sundries .....	1,428,585	1,529,711
Total assets ..	\$155,842,332	\$154,279,610

The return presents no features of special interest. The increase of \$1,000,000 in discounts is now a monthly event, as many cannot afford to pay charges on renewals, this item alone will swell the principal largely.

The anticipations of a commencement being made this year with the Pacific railway and the financial operations it would give rise to are likely not to be realized. Whatever political result may issue from the pending investigation, one thing is manifest, that this great scheme has received a heavy blow and Canadian credit abroad must be anything else than improved by what has transpired. It is said that a new charter will be required, and to the original difficulty of raising capital abroad will be added the very serious, possibly insuperable one, which has been created by the heavy discounting which has occurred of certain prominent reputations in the political and monetary world of Canada.

The organization of the Federal Bank is we hear somewhat promising, it is likely to secure the services of a gentleman of high character and long experience who has but recently retired from a similar appointment in this city. While we are inclined to think that banking is overdone here, that more capital is invested than can find desirable employment to be remunerative, and that competition just now is most hurtful, still as the new venture is entered upon we wish it every success and are confident