

BANK STATEMENTS.

GENERAL POSITION OF THE BANKS.—MAY 31st, 1865.

Assets Incited	
Loans.....	\$43,179,000
Other debts	3,001,219
Government Securities.....	5,911,024
Landed property.....	2,855,005
	\$55,946,248
Available.	
Specie	\$7,397,502
Banks, not due by	332,024
	\$7,729,526
Liabilities	
Deposits not bearing interest	\$11,280,705
" bearing interest	13,940,529
Circulation	8,005,615
	\$33,226,849

1. **LOANS**—These are decreased for the month, \$931,504, which is pretty evenly spread over all the Banks, the Bank of British North America having the largest reduction, \$244,424, no doubt arising chiefly from the great falling off in the demand for money by importers here, and the very conservative character of the management of this institution, leaving it to reject the only kind of business to be had at present in the depressed state of matters in the Western Province.

2. **OTHER DEBTS**—Are increased \$174,229, although we might have expected a decline, as the Banks are writing off at this season, but we hope it is the last increase we shall have to chronicle. Our Bankers should have touched bottom by this time in *probing old sores*. One or two good harvests will work wonders with these suspended debts. We cannot avoid congratulating the Ontario Bank and Bank of Toronto on account of the small amount of overdue paper they appear to have, only about 3 per cent. of their loans, commencing business, as they did, at a time when the temptation to extend Banking was great, and the business since proved to be in the main fallacious.

3. **GOVERNMENT SECURITIES**—Are increased \$102,605, all in the Bank of Montreal. A satisfactory indication of confidence in the forthcoming Budget of the Finance Minister.

4. **SPECIE**—Is increased \$1,191,831, showing the return of loans to some extent, and the difficulty of re-investing.

The chief increases are: Bank of Montreal, \$305,383; Bank British North America, \$176,724, the Ontario Bank, \$163,581, and the balance spread pretty equally over all the Banks.

5. **CIRCULATION**—Is decreased \$100,208, nearly all in the Montreal Bank. We expected that the transfer of the Government account to the Bank of Montreal, some two years ago, would have increased the circulation of that Bank, though others might fall off, but instead it has decreased nearly half a million.

Bank circulation will not increase till after harvest, except through the payments to the farmers for wool, estimated worth some \$3,000,000 for the season's clip. But it is probably no disappointment to the Banks, except on account of the internal exchanges of the country—capital and investments going together, and the latter are not to be found. So the specie in the safes of the Banks is sufficient to meet nearly the whole circulation, without the need of resorting to any other securities—a fact not equalled in other countries, as far as we know. The circulation in 1863 was \$11,000,000, and after the great harvests of 1860 and 1861, touched \$15,200,000. The specie then being about one-third currency in future, in countries supplied with railways, will assume the form of *deposits* for uninvested bank indebtedness.

6. **DEPOSITS**—Not bearing interest, are increased \$1,667,322, of which \$977,385 is in the Montreal Bank, the balance, \$690,000, is shared by all the banks in proportion to their business, except the Banque Nationale, which has lost \$23,170.

The large increase in the deposits of the Bank of Montreal need not excite surprise, when the magnitude of the Military and Government finances are taken into account, and that money seeking investment finds its way in greatest proportion to the richest bank.

7. **DEPOSITS BEARING INTEREST**—Have decreased \$137,432, not a good sign, though one of the times. This class of deposits touched their highest point in Sept. 1864, \$16,608,000, gradually declining to the present amount, \$13,946,500. We regret to see this barometer of thrift and savings falling, but the deficient harvests of the last few years have compelled thousands to resort

to the little herds of more prosperous days. It is a matter of surprise that the Banks have not lost more of this class of deposits.

8. **OTHER BANK BALANCES**—There is an increase in the amount due to other Banks of \$172,202, and in the amount due by other Banks \$664,852, nearly all in the leading Bank. This naturally follows the increase of deposits above referred to, and also as to the increase of specie remarked upon under that head. It is worthy of remark that the promissory notes and bills of other Banks, held by the leading Bank, amount to one-half the whole sum held by the others—say \$100,000, against \$200,000.

At the close of another monthly review, we can congratulate the country on the very strong position of our banking institutions. That they are equally respected on the change in London and New York, as with ourselves, leads to the conclusion that they are under honorable, intelligent and prudent management, and to which, we feel assured, the institution criticised by a contemporary this week, will not prove an exception under its later management.

CREDIT FONCIER.

THE Bill brought forward a few years ago by Mr. Boucherville, M.P., for the establishment of a Bank of Credit Foncier at St. Hyacinthe, having broken down, people have allowed the matter to drop. Whether this is resulted from a sense of the utility of such schemes, or whether from the defects of that particular one, it would be impossible to say. But certain it is, that since the failure to establish that very complicated arrangement, nothing has been said in this country about the establishment of any Bank of Landed Credit.

The wisdom of that particular scheme was made so manifest by the press of this and other cities in this Province, that people appear to have resolved themselves into the notion that all such establishments are materially bad or useless. This is far from being the case. They are one of the most valuable descriptions of institutions, when founded on a proper basis, which it is possible to conceive. On the continent of Europe they are almost universally adopted, and especially in those parts in which agriculture has made most progress. In Germany they have been conducted with business tact and have been very successful. Whereas in France, to the sober business of lending and borrowing money, they have added the chances of the lottery, and even with that drawback they have been of great service to the landowners of that country. The trouble and expense attendant on borrowing money on land make it particularly desirable that such Banks should be established in this country. No capitalist, at present, who can find any other investment for his money at a reasonable rate of interest, will lend it on land. The extreme uncertainty with which interest is paid, makes it anything but a desirable operation for those who wish to have their interest at stated periods. Neither is it a more pleasant transaction to those who desire to borrow. They are met at every turn by difficulties and suspicion. It would be impossible to estimate the number of farms in Lower Canada which are heavily mortgaged, by reason of the difficulty and expense of borrowing money on land, but it is certain that a very large portion of the land of our *habitant* farmers is in that state. The rate of interest which prevails in country districts in Lower Canada ranges, according to the amount and length of time, at from 20 to 50 per cent. per annum, and that in spite of our barbarous law limiting the rate to 7 per cent. Thus the farmers who are obliged to borrow small sums, occasionally allow them gradually to accumulate (by renewing their *bons*) at compound interest, until they are obliged to grant a mortgage to their creditors for the amount due, and interest for a term of years, and it is almost unnecessary to say that such a mortgage is only paid by eventually selling the property.

A proper system of Credit Foncier would do a great deal to avert the evils which are continually arising from a combination of circumstances, which almost preclude the possibility of money passing directly from the capitalist to the landowner. And it is not too much to say, that millions of dollars could be profitably employed in improving and stocking the worn-out lands of Lower Canada. The system adopted in Germany appears to answer its purpose very satisfactorily. A Society is formed, having a certain quantity of capital to insure its respectability, and having a proper charter. Such societies do not depend entirely on their own capital; in fact their own capital is only

a very small proportion of the money which they lend. They are a description of Savings Banks, or rather, perhaps, an agency. They borrow as fast as they lend. When a person desires to borrow from this Society, he has to satisfy it that his security is good for the amount he requires. They then take a mortgage for that amount on his ground, and issue a description of bonds called *1^{er}* and *Briefs*, bearing interest, and which are sold to parties having money to invest. It is in this latter particular that the bonds issued by such societies in France differ from those of Germany. In France the holders of these bonds derive a low rate of interest from them, and lots are drawn by which a further rate of interest is divided amongst a few who happen to hold the lucky numbers drawn by lottery. To the capitalist there could be no more desirable security than the bonds issued by such societies in Germany. Every dollar of them represents a mortgage held on land of much greater value. The holder looks to the Society for his interest and receives it on the day on which it is due. To the borrower nothing could be more advantageous. He derives from the Society a certain sum which he is at liberty to apply at once to the improvement of his land. The expenses and trouble are reduced to the lowest amount, and, in return, he pays a certain sum for a certain number of years, and when that time is expired his debt is cancelled. He is not, therefore, ever called upon to pay back the principal in one sum unless he so desires. The Society, meanwhile, not only receives interest on its own capital, but receives a profit on all the capital which it can realise on its bonds and lend to land owners. These bonds are of all amounts. In Germany they range from about \$15 of our money upwards, and are purchased by every class of people who have money to invest. The mechanic or laborer who has saved his few shillings finds for them a profitable and safe investment, and the capitalist who has his thousands to invest, feels that no security in which he could place them would be more advantageous to him.

BUSINESS CONNECTIONS.

OUR connection with Britain, and our proximity to the United States, should enable us, Canadians, by a careful selection, to possess the best qualities of both nations, and strike the reasonable mean between conservatism and volatility, between reserve and indiscriminate cordiality. We may, however, by the natural tendency which we have, in common with all mankind, to prefer evil to good, and ourselves making choice of the worst characteristics of our neighbours, instead of the best. The constant changes to which society in a young country is prone, owing to the new and promising openings which are ever offered to the eye of enterprise, bring men into close contact with multitudes of their fellows, which, were they like the Englishmen, to do business all their lives in the establishment in which they were brought up, they would never know except as strangers. Public life, too, in which every American indulges more or less, adds another large circle of friends. The result of having many friendships without any principle of selection is, that none of them are likely to be deep, and our opinion of our friends is formed as much from the average standard of the wicked world, as from the individual virtues of those whom we can only partially know. A business connection is like a friendship. In the old world, once formed it is often formed for life, in the new, it only lasts so long as an active correspondence is maintained, after which those who have done business for one another, are no more to each other than to any other man. The tradesman in the old world who loses a customer, searches what want of attention may have brought about a loss which he grieves over as a matter which seriously affects him, not so much on account of the pecuniary loss as the principle involved. In America the shoemaker or tailor knows that, although his work be done ever so well, there is only half a chance of his ever seeing his customer again. The same rule is followed through all ranks and kinds of business, and that not only in the neighbouring Republic, of which we have hitherto spoken, but also in Canada. A commission merchant, when he visits a consignee whom he has served to the best of his ability for years, is condescendingly told that he will have his share of the business, or the consignee is waited on by some one whom he never saw or heard of before, and the result of the interview is, a promise to give him a trial, and the same thing being repeated in a good number of cases, the desire for independence of any one man, turns the consignee round from agent to agent, the buyer from house to house, until no one is interested in doing his work well, or serving him with more than the barest honesty. It is unnecessary to enlarge upon the evils of this instability, for how little is it likely to produce that mutual respect, out of which spring lasting friendships between man and man; and on the other hand, how likely it is to breed that class of strangers who are said to infest the Mississippi valley, living upon first transactions, and never even aiming at obtaining that confidence which might secure permanent business. We leave it for those interested to draw conclusions as to which course is the most profitable to pursue.