

No. 13. THE BANK BAROMETER.



OLD TARIFF.



NEW TARIFF.

How the Country Went to the Dogs Under the Old Tariff.

THE NEW TARIFF RESTORES PROSPERITY

Great Increase in Circulation--Business Develops--Overdue Notes and Debts Decrease--Read the Record.

BANK AND DOMINION NOTE CIRCULATION.

This is one of the best, if not the very best test of the condition of business in Canada or any other country.

The following table will show how business has been developing during recent years. The circulation is made up from the returns of the chartered banks as to bank notes, and from the published statements of the Government as to Dominion notes. The amount of the latter of large denominations held by the banks is not included.

The thick lines represent the old tariff years, and the lighter lines the new tariff years. A glance at these lines for the years 1874-79 will show that in the old tariff years the circulation was small and dwindled down year by year. Another glance will show that from 1880 under the National Policy the circulation has grown from \$31,700,000 to \$43,600,000, which latter is the largest ever known in the banking history of Canada.

Oct. 31,	
1873....	\$32,500,000
1874....	35,700,000
1875....	29,200,000
1876....	27,200,000
1877....	27,500,000
1878....	25,200,000
1879....	26,300,000
1880....	31,700,000
1881....	40,100,000
1882....	43,500,000
1883....	41,400,000
1884....	39,400,000
1885....	40,100,000
1886....	41,400,000
December,	
1886....	43,600,000

THE DISCOUNT SHEET.

The business of the country is seen in the current loans and discounts of the banks to their customers. When these are large the volume of business is large; when small, the volume of business shows contraction. The following table shows the average loans and discounts of the banks during the two months of September and October of each year. The black lines represent the old tariff years, and the lighter lines the present tariff:—

Year.	
1873....	\$121,076,350
1874....	145,036,907
1875....	134,861,713
1876....	138,361,520
1877....	153,986,235
1878....	131,078,954
1879....	123,200,801
1880....	120,208,561
1881....	146,963,868
1882....	174,560,631
1883....	173,364,103
1884....	161,197,858
1885....	158,798,508
1886....	167,380,081

These loans and discounts at the end of December last amounted to \$171,702,000. Here it will be noticed that the general business of the country, the importing and all other branches of trade and commerce, went steadily down up to 1880, and was the last to be beneficially affected by the National Policy. As special branches of industry felt the reviving influences of the National Policy, the general business also felt the same. In 1881 the general trade, as registered by the discounts given by the banks, took a leap forward, and needed \$26,000,000 more for its autumn business. In 1882 it had taken another leap forward, and it needed \$54,000,000 more than in 1880. The next years were years of very deep depression all over the world, and Canada's general business felt the effects to a certain degree, the discounts for the autumn months of 1884 and 1885 dropping down below the amount needed in 1882. But while other countries felt the depression very severely, Canada felt the deeper depression of 1883-85 far less than she felt the slighter depression of 1875-79. The discounts of 1885—the lowest of the recent depression—were \$38,000,000 more than those of the lowest year of the earlier depression. That latter depression was felt for a much shorter period, and in September and October of last year the discounts had risen to within \$7,000,000 of the booming year of 1882. The discounts of December show that the increase continues, the amount required for that month being \$12,000,000 more than that for December, 1885.

Placing the hand upon the business pulse of the country, we find that under the old tariff it beat feebler and feebler each year; that the patient took a long time to recover from the depression of that period; that when the tonic of the National Policy fairly permeated the system, the pulse beat vigorously, running up to 173; that the vigor of constitution thus acquired enabled the country to withstand the attacks of the epidemic of trade depression visiting all other countries so severely and that in consequence of its protected condition the pulse only went down slightly for a couple of years and bounded up again rapidly, notwithstanding that in the last year the Canadian Pacific railway had practically ceased borrowing from the banks. In fact, taking this latter circumstance into account, it may be said that the general business of the country, as indicated by the bank discounts, was better than in any previous year.

The National Policy has been the friend of the general business man.

OVERDUE NOTES AND DEBTS.

These represent the amounts at the end of each month which the banks have not been able to collect from their customers. When times are bad, people cannot meet their notes when they fall due. Every business man knows how it is himself. A has a note in the bank which he has to pay on the 30th of the month. Money comes in slowly. B, who owes him, fails. C cannot possibly settle that little account to-day. A worries over the thing, passes a sleepless night, and when the 30th comes cannot lift his note, which goes to protest, piling expenses on to him. B, C, D and all the rest of the alphabet find themselves in the same box.

But when times are good, everything is different. It is easy to get money. It slips from hand to hand as lively as a telegram from one town to another.

The result is that in bad times there is a great accumulation of overdue notes and debts. In good times the accumulation is cleared off to a very large extent.

Hence the proportion of overdue notes and debts due the banks to the whole amount of money loaned by the banks is a capital test of the condition of the business of the country. The following table shows how many dollars and cents were at the end of October: each year overdue and unpaid in every \$100 borrowed from the banks. The thick lines represent the old tariff years; the lighter lines the new tariff years:—

Oct. 31,	\$ Overdue on each \$100.
1873....	2.07
1874....	2.02
1875....	4.73
1876....	4.30
1877....	4.45
1878....	4.56
1879....	4.90
1880....	4.24
1881....	2.68
1882....	1.90
1883....	2.45
1884....	3.57
1885....	2.45
1886....	1.63
November,	
1886....	1.58

In December, 1886, the overdue notes and debts reached the lowest point they have ever reached in the history of Canada, being then but \$1.53 on each \$100. You will see at a glance that as soon as Cartwright's tariff began to work—in 1875—up went the amount overdue. The banks' customers could not raise the money. This went on getting worse and worse until in 1879 the business of the country, taken as a body, had overdue in the banks at the end of the month of October nearly \$5 out of every \$100. One-twentieth part of all the money borrowed was overdue and could not be paid.

The National Policy began to do its work in 1880, and business began to improve. In consequence, the overdue notes and debts began to get less in amount. The country tided over the years 1883, 1884 and 1885—which in other countries were the severest years of depression ever known—without feeling the depression nearly as much as in the slighter depression period under the old tariff. Then last year it recovered itself at a bound, and in December last the overdue notes and debts were the smallest sum and the smallest amount on each \$100 ever known since Confederation. What has done this? The Liberals predicted ruin worse than any which befel the country under their plan. The country was attacked from outside by a severer depression than ever known, yet it stood up against the attack and recovered itself almost immediately. The answer is, the fence of the National Policy was up, and kept in good repair by its friends, and the result was outsiders could not so easily get in and make of Canada a slaughter market like they did under the old tariff.

Speak well of the bridge that carries you safely over the stream. Don't let anybody knock it to pieces. Keep its friends in a position to watch over it. In a word, vote for good laws and the National Policy.