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McInnes Bros. & Co. HAMILTON.

THE MONETARY TIMES, AND TRADE REVIEW.

TORONTO, CAN., FRIDAY APRIL 28, 1876

FINANCIAL REVIEW.

The following is the official return for the banks of Ontario and Quebec for March last:

LIABILITIES.		
	Feb. 29, '76.	March 31, '76.
Capital authorized ...	\$68,966,666	\$68,966,666
Capital paid up	61,507,481	61,615,342
Circulation	19,871,852	19,367,101
Government deposits	11,134,564	10,212,172
Public deposits on demand	31,257,109	31,908,608
Public deposits at notice	22,569,983	23,645,808
Due other banks in Canada	1,993,921	1,762,535
Due b'ks not in Can.	2,390,151	2,820,898
Sundries	97,959	92,056
	\$89,315,139	\$89,809,183
ASSETS.		
	Feb. 29, '76.	March 31, '76.
Specie & Prov. notes.	14,226,483	14,168,355
Notes and cheques of other Banks	3,886,290	4,092,087
Due from other banks in Canada	3,106,921	2,745,368
Due from banks not in Canada	8,222,685	8,361,019
Available assets.	29,442,379	29,366,829
Government stock ..	1,162,262	1,162,262
Loans to Government	125,736	125,623
Loans to corporations	2,756,321	2,985,628
Discounts current ..	121,992,916	122,890,961
Notes overdue	6,810,056	6,783,275
Real estate	800,777	817,439
Bank premises	2,899,049	2,913,308
Other Assets	2,217,953	2,299,175
	\$168,207,449	\$169,344,500

We add also a comparison of the leading items this year and last:

	March 1876.	March 1875.
Circulation	19,367,101	21,499,900
Deposits	65,766,588	71,211,470
Available assets	29,366,829	29,390,000
Discounts	122,890,960	136,631,559
Overdue notes	6,783,275	2,862,036

From December 1874 to March 1875 the circulation and deposits fell eight and a-half millions. Since then they have dropped nearly as much, being a total decrease in fifteen months of nineteen millions in these items. Discounts in the same period have fallen sixteen millions, while the available assets (business having diminished so immensely) have kept up to nearly the same volume. The increase of overdue notes by four millions in one year is not so large as the extent of failures might have led us to expect, the redemption, doubtless, of the sum withdrawn having been largely productive of collapses from inability to go on without this accommodation. That four millions represent the full extent of the bad and doubtful paper still held we do not suppose. There is much on hand being gradually lessened, and while this process can be kept up, renewals are effected, and the paper kept in a current shape. This process, however, is liable to interruption at any time, i.e., whenever it is seen that nothing more can be done in the way of reduction. Then comes insolvency, of which we have not seen the end yet.

Severe as is the crisis through which the trade of the country is passing it is light compared with what would have been felt had not the productive harvest found the banks the means to carry over a very large mass of paper which must have been forced into liquidation had money been scarce. Had not this been so the disasters of 1857 in Ontario and 1847 in Montreal, would have recurred and a wave of ruin gone over the country such as is painful to contemplate. It is very important for this to be realized, for it points so clearly to the necessity of not placing so extensively as has been done the whole commercial interests of the Dominion at the mercy of the harvest, speculating indeed year by year on the certainty of good crops. The failures for last quarter were high and beyond precedent, despite the plethora of money, and the efforts made to sustain every concern having anything like a prospect of recovery. The great question is when this recovery will come. This is not easy to say; but some conditions precedent are plain enough: 1st, There must be a thorough clearing out of all concerns not solvent and not managed on strict business principles and with that economy essential to progressive stability; 2nd, There

must be a consumption of the enormous surplus stocks held in excess of fair business needs; 3rd, There must be a vast reduction in the internal indebtedness of the country; incomes mortgaged must be released of prospective obligations and set free for current purchases; 4th, The production of articles must be cut down for which prompt sales cannot be made, especially in lumber, which again in the Ottawa District this winter has been brought out in quantities which will have to be held possibly over a year, adding further weight to a depressed market; 5th, The same process must have been gone through in the States, as until they are prosperous we cannot be so here. The cheapness of money has dangers from the temptation to the banks to hold up firms which were far better closed up. Each case is to be judged on its merits, but there can be no ultimate benefit arise from keeping on traders whose operations have been manifestly beyond their means to carry on without recourse to such irregularities as accommodation paper, and the spending on outside show far in excess of the profits of business. This order of merchant needs repressing: indeed, their extinction would be a public service.

POSITION AND PROSPECTS OF BUSINESS.

Continuing our remarks on this subject from last week we have to notice next the various branches of the import trade.

That importing has been overdone during the last few years is a fact so commonly accepted that it is not necessary to refer to it now. We may, however, notice this as a very common fallacy in most branches of business but liable to affect importers more than any other class: viz, that to increase business, is to increase profit. If a dry goods merchant imports \$200,000 worth and makes a gross profit of \$20,000, he is very apt to think that if he imported \$400,000 he would make \$40,000, and on \$800,000—\$80,000. Carried away by this idea, scores of houses increased their business by buying more extensively on credit; and unhappily credit has been so cheap of late in England that young and weak houses had no difficulty in getting goods for any amount they choose to ask. So our importations went on increasing at a prodigious rate. But the extra amount bought, required extraordinary efforts to be used in order to effect sales. Inducements must be offered to buyers, long credit, dating forward, promises of renewing paper, lower and lower prices. Travellers elbowed each other in the little towns of the Ottawa District and Ontario,