

## LETTER FROM ENGLAND.

## COMMERCIAL REVIEW.

(Special Correspondence of the Trade Review.)

[PER JAV.]

THE returns from the Bank of England continue to be of very considerable importance, and, indeed, they are of so exceptional a character that they can only be regarded as showing either that the finances of the country will be managed much more cautiously than hitherto, or that the abnormal results produced by the great panic have not yet passed away. To understand these returns aright, it must be borne in mind that notes of the Bank of England are a legal tender every where in England except at the counter of the bank itself; that the Bank of England is the only bank of issue in London, and in a large district round about; that its issue is about four times as great as that of all the other banks in England together, and that from various causes, which it is not now necessary to investigate, the bank holds the entire surplus gold and silver of the country. The bank may be said to act as banker for all the other banks. Many of them keep accounts directly with it, and have money on deposit there, whilst every banker is in the habit of issuing the notes of the bank to redeem his own liabilities. The result of this exceptional position of the bank is that in times of panic when the credit of the ordinary firms is shaken, the whole community expects the bank to discount all good bills which may be offered, and the proceeds of this discount are either left on deposit with the bank, or are drawn from it in the form of notes, which notes are simply hoarded. The general terror is, in fact, so great that people are anxious to convert any inferior form of credit, such as bills, into the superior form, and that which is instantly available, viz., bank notes or deposits at the bank.

It is probably an important cause of panics that the bank should be the only depository of the surplus cash of the country, and that upon it alone should be thrown the burden of maintaining specie payments. The effect also of the Bank Act of 1844, which compelled the bank to hold specie against all notes issued in excess of some £14,000,000, and which, as the normal circulation of the bank is some £20,000,000, consequently makes a withdrawal of notes in times of panic equivalent to the withdrawal of so much gold, must be credited with a very considerable share in intensifying a panic. But without going into any of these debatable points, it may be laid down as an axiom that the chief immediate cause of the recent panic was the insufficiency of the stock of specie held by the bank, and this short supply did not occur at the moment of the panic, but had been chronic for years. Nor is the bank exactly to blame for this. Under the Act of 1844 the action of the bank is almost a matter of rule, and had the other bankers kept a larger supply of bank notes beside them, the bank would have been compelled to retain a proportionately greater quantity of specie. But the banks were so anxious to make a large dividend, that they employed almost every penny of their funds in discounting bills, or in lending to the bill brokers, upon all of which they obtained interest, that they failed to keep an adequate supply of bank notes, upon which they would, of course, obtain no interest. And this blunder was made at a time when the capital of the banks was, as compared with their liabilities, too small.

With this explanation I give the chief figures in the last return, and I compare these with the state of the returns at some former periods; and I commence with contrasting the results of the present panic with the results of the two former panics. To do this I give the figures in each of the years a fortnight before the panic, at the time when the panic was at its height, and sixteen weeks afterwards:—

Date.	1866.		Reserve of notes.	Minimum rate of discount.	
	Circulation.	Of deposits.			
	£ M.	£ M.	£ M.	£ M.	
May 2	22,878	13,588	13,509	4,839	7
May 16	26,121	18,621	12,524	781	10
Sept. 5	24,221	17,462	16,195	5,877	5
1867.					
Oct. 21	21,184	11,490	8,732	2,258	8
Nov. 14	21,035	12,935	7,171	958	10
March 6, '68	20,945	14,826	17,617	11,217	8
1847.					
Oct. 9	19,508	7,714	8,409	3,322	54
Oct. 23	2,265	8,581	8,813	1,547	8
Feb. 12 '48	19,421	9,962	14,205	9,064	4

The contrast between the present bank returns, with the discount rate at 5 per cent., and the return for the corresponding period of last year, with the rate at 4 per cent., is also interesting:—

	5th Sept., 1866.	6th Sept., 1865.
	£ M.	£ M.
The Public Deposits	4,778	5,986
The Private Deposits	17,462	14,208
The Government Securities	11,227	10,884
The other Securities	23,226	21,865
The Circulation	24,221	21,702
The Bullion	16,195	14,822
The Reserve of notes & specie	6,974	7,271

The money market during the past week has been easier, although there have been some symptoms of two counteracting influences.—the one the demand for specie to remit to the United States in payment of 5.20 bonds, and the other a rise in the price of breadstuffs consequent upon the unfavourable weather of the past two weeks. There can be no doubt that the crops have already suffered a good deal, and unless we have a change soon, there will be large importations which must be paid for, and paid for in the shape which most quickly influences the money market. The accumulation of bullion in the Banks of England and France still, however, continues, and at no former period was there the prospect that so large an amount would be held.

The returns from the Bank of England for this week, when compared with those for last week, present the following results:—

	Amount.	Increase.	Decrease.
	£	£	£
Public Deposits	4,778,000	641,000	
Private Deposits	17,462,000		1,011,000
Government Securities	11,227,000	515,000	
Other Securities	23,226,000		711,000
Notes in circulation	24,222,000	323,000	
Bullion	16,195,000	363,000	
Reserve	6,974,000	40,000	

The following are the Bank of France returns:—

	Increase.	Decrease.
	Francs.	Francs.
The Treasury Balance		885,000
The Current Accounts		16,800,000
The Advances	1,167,000	
The Commercial Bills		43,000,000
The Cash	1,800,000	
Notes		23,167,000

The cotton markets during the week have been very dull. In Liverpool the sales have only reached 49,600 bales, of which the trade has taken 31,000 bales. The estimated stock is now 850,000 bales. Manchester market has also been very quiet and prices are lower, holders being anxious to make sales.

The funds have been quiet during the week, and the changes in quotations are not of much importance. Canadian Securities have been rather influenced by the report of Fenian raids, and are lower.

Sept. 8th, 1866.

H.

## FROM THE CANADIAN OIL REGIONS.

(Correspondence of the Trade Review.)

PETROLIA, C. W., Sept. 19, 1866.

THERE are now in and around Petrolia—say within a circuit of three miles—no fewer than one hundred and fifty oil wells. Of these wells, about one in six fail to yield oil in sufficient quantities to more than defray expenses, owing to the present state of the market. Of all the experiments made from the commencement, the number of entire failures does not exceed one in thirty. A computation of this kind may serve to show the superiority of the Petrolia oil-producing territory over the oil lands of Pennsylvania, where, out of every one hundred wells, ninety-nine have never produced one drop of oil; as well as its superiority over all other oil regions in our own Province. But such a computation is not sufficient to give a correct idea of the abundance and copiousness of the veins underlying this particular district. In one or two instances, within the past week, wells which had been abandoned as worthless, were tested by means of torpedoes. The explosion rent the subterranean rock, and through the fissures thus made the oil commenced to flow, and is now pumped in considerable quantities, showing conclusively that some of the wells abandoned were in close proximity to oil veins. Besides, it is frequently the case that a well, producing oil only in limited quantity, is greatly improved by boring deeper into the rock. To ensure a good "strike," (as the operators here term it,) the wells are now bored to a depth of from 350 to 400 feet in the solid rock. A "show" of oil is frequently met with nearer the surface; but surface oil, though valuable for lubricating purposes, is soon exhausted in any well. Owners of wells, however, with limited means, are apt to commence pumping so soon as they see a decided indication of the existence of oil, however limited the supply may be. This, together with bad management and defective machinery makes the aggregate yield of the wells to be far less than it ought to be, without at all affecting the certainty of success.

As in all other enterprises, a little more capital and a little better management are not unfrequently the only secret of success, especially in the neighborhood of wells, many of which yield from 60 to 120 barrels a day. A well, owned by an Ingersoll Company, commenced pumping on Saturday last at a rate of 200 barrels a day.

The price of well tested oil territory is not so high as one would imagine. No doubt the present price of the crude oil, owing chiefly to the want of an export trade, limits to some extent the purchase of land. The cost of boring a well, and of the necessary apparatus for working it, including tanks, does not exceed \$2,500, whilst the expense of running it after it is completed, is about \$6 a day, including fuel. It will be thus seen that a well yielding 20 barrels a day, even at present prices, is a source of wealth.

An adventurous pioneer sunk a well in Petrolia upwards of five years ago—a well which still continues to be very productive—but it was only within the last twelve months that further experiments were made. The attention of American operators was directed to it, and they immediately commenced testing the richness of the territory. Of late a few enterprising Canadian capitalists resolved to step in and prevent an American monopoly, and they certainly have no cause to regret it. Every day more and more come "to view the grapes of Eschol and take possession of the land."

Twelve months ago there were only one frame and two or three small log houses, where now stands Petrolia village, containing a population of 2,000, with its three churches—Presbyterian, Wesleyan, and Episcopal Methodist—its common school, its handsome stores, &c. It contains seven or eight large hotels. The principal one—the "American"—is as well furnished and as well kept as any hotel in any of the principal towns in Western Canada. A branch railway, connecting with the Great Western at Wyoming, is expected to be completed in November. No fewer than twelve stage coaches, or rather waggons, for passengers and luggage, now run thrice a day to the Wyoming Station, (distant about six or seven miles,) over wretched roads; and from 60 to 70 teams are daily employed carrying away the crude oil, and bringing back lumber, produce, and all kinds of merchandise. Indeed, no one at a distance can form an adequate conception of the business activity of Petrolia.

My next letter will be either from Oil Springs or Bothwell.

## STATISTICS OF CANADA.

ON the 31st December last the entire area surveyed up to that date comprised 50,221,327 acres, of which 40,577,697 had been disposed of by sale or free grant, leaving 9,744,160 acres of surveyed lands still undisposed of. The population of the Province, basing the calculation upon the annual increase between 1852 and 1861—in Upper Canada 4.34 per cent., and in Lower Canada 2.50 per cent.—is estimated at 2,984,460, equal to a population of 9.01 to the square mile.

Assuming that the population of both Provinces increased at the same ratio during the three past years, the tables next give the following statement as to the amount of population in

	1864.	1865.	1866.
Upper Canada	1,588,130	1,655,022	1,726,980
Lower Canada	1,196,949	1,226,840	1,257,480
	2,785,079	2,881,862	2,984,460

At the same rate of increase, the population of the whole Province will amount to about 5,000,000 in 1876, and 8,500,000 in 1886.

We next have statistics of the revenue of the Province during the past three years, its expenditure and funded debt, less sinking fund, loans and redemption of debt being respectively excluded from the two former heads. These three items compare as follows:

	Revenue.	Expenditure.	Debt.
1863	\$9,760,316	\$10,742,807	\$60,355,472
1864	10,018,337	10,587,142	6,287,575
1865	10,470,609	11,666,398	60,019,181

The imports, customs duty, and exports of the whole Province during the same period were as follows:

follow:	IMPORTS.		EXPORTS.
	Total value.	Total duty.	Total value.
1863.....	\$45,964,498	\$5,169,173	\$41,831,582
1864.....	52,498,068	6,637,503	38,665,446
1865.....	44,227,822	5,617,811	54,219,769

The revenue in 1868 amounted to \$3.51 per head of the population, in 1864 it had risen to \$3.79, and last year had again fallen to \$3.17.

The expenditure per head of the population during the same period was \$3.86 in 1863, \$3.87 in 1864, and \$3.90 in 1865.

In 1863 the debt per head of the population came to \$21.69, by 1864 it had fallen to \$20.93, and by last year to \$20.11. The imports per capita in the same period were \$16.51 in 1863, \$18.22 in 1864, and \$14.82 in 1865. Each person—assuming the same scale—paid \$1.85 in customs duties in 1863, \$2.30 in 1864, and \$1.88 in 1865. The exports in 1863 came to \$15.03 per head of the population, fell to \$13.42 in 1864, and rose to \$18.17 in 1865.