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NOTICE.

A very large number of Subscribers are in debt for the REVIEW, this number will not be furnished to them until their arrearages are paid.—

A few back numbers of all except No. 2 of the REVIEW can still be supplied.

No new Subscriptions will be received for the Review.

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ENGLAND'S FREE TRADE.

There is an old proverb that "appearances are deceitful." It is well known that individuals are often apparently prosperous when after investigation, clearly establishes, the fact, that in place of the supposed prosperity, they were day by day sowing the seeds of future weakness and ruin.

Those seeds and that increasing weakness were observed by here and there one, who judging from the light of history, and the examples strewn along the pathway of the past, had no difficulty in anticipating future ruin where apparent prosperity held high carnival.

The History of the United States now affords us a prominent example. Here and there were *thinkers* among that people, as well as among the peoples of other lands, who pondering upon their ways and doings saw, looming up in the future small dark-clouds,

seeds of future gloom and disaster.— That country from time to time had been warned, by its wisest and most patriotic statesmen, of the rocks on which they would be shattered, but the rolling tide of national prosperity which laved its shores and rapidly bore it along and lifted it up to a high position among the nations of the earth, so completely absorbed their attention that no heed was paid to the earnest warnings of its true and tried patriots. Those dark spots on the horizon have developed into a night of thick darkness, into which the All-Seeing Eye alone can penetrate, amid the gloom of which a great and mighty people have rushed headlong into a fratricidal and most murderous war.

England is at the present time enjoying great commercial prosperity. It is believed by the unthinking, that without Free Trade that prosperity

would have never been secured, its devotees claim it as their child of promise, and in its rapid growth, hug it to their bosoms as the hope of their country. But are there no seeds of evil, are there no silent causes that like those in the United States are gradually developing, which may not, in an unforeseen moment, shatter that prosperity and leave a wreck which shall be an astonishment to the nations.

Cobden, Bright, Wilson, and Peel, the originators of *Free Trade* in England have been lauded as demigods, the theory they trumpeted as the blessed panacea that would furnish work for her operatives, secure wealth to her farmers, and food for all her people, let us not be deceived by appearances, but test the truth by the facts.

To arrive at a clear view of the whole question, we must go back to the causes which produced a demand for Free Trade. They originated in 1819 with Peel's famous Bill, compelling the Bank of England to redeem its notes, in gold. His father, the first Sir Robert Peel, and five hundred leading merchants and manufacturers of London, by petition energetically opposed the measure. The elder Peel was always a staunch supporter of the paper currency, through which, by manufacturing, he had realized a fortune of a million sterling, and by which England was enabled to triumphantly resist the world in arms and at the same time, develop to an unparalleled extent its manufacturing capabilities.

The younger Peel by this Bill doubled his fortune, and Lord Overton, the Chancellor of the Exchequer and prime mover in the matter, realized a fortune of \$30,000,000 through the measure.

The effects of that Bill which compelled the Bank after twenty-two years suspension, to pay its bills in gold ;

is thus stated by the *London Times* : " *This measure has doubled the value of money, for it has made the sovereign worth two sovereigns.*" *Blackwood's Magazine* for Sept. 1850 in a review of the life of the younger Peel, says,

" A comparison of the prices of grain for twenty years before, and twenty years after the change to gold payments leaves not a shadow of doubt that combined with Free Trade, it has now lowered prices, on an average of years a half, in other words, doubled the weight of debt and halved the remuneration of industry, on an average of years over the whole country. It has rendered the public debt of £800,000,000 in reality £1,300,000,000 ; it has swelled the thousand millions of private debt into two thousand millions. It has rendered our taxation of fifty millions annually, equal to one hundred millions at the old prices. In a country engaged in such extensive undertakings, and so dependant on that most sensitive of created things, credit, for its support as Great Britain, it may be doubted whether human ingenuity could have devised anything so well calculated to spread ruin and desolation so generally through the people as this fatal step.

Its effects in doubling the weight of debt, public and private, and halving—when taken in consideration with Free Trade—the remuneration of industry, at least to rural labourers great and serious as it has been, has proved the least of the many evils that are distinctly traceable to it. By lowering prices in every department over the whole country, it rendered the indirect taxes unproductive, and induced that constant clamor, on the part of persons engaged in particular trades, to get the taxes removed which pressed on them, which has envolved the nation ever since in financial difficulties, extinguished the sinking fund—which, had it been let alone would have paid off the whole public debt by the year 1845—and by the admission of the Chancellor of Exchequer, has added £27,000,000 to the National Debt, over and above all in that time paid off during the last twenty years of unbroken peace. It has spread embarrassment and bankruptcy so far through the land, that two thirds of our landed proprietors are notoriously insolvent.

ent; and the nation, when blessed with a fine harvest, has come to import from a fourth to a fifth of its annual subsistence from foreign states, although fifteen years ago, it was self-supporting, it has reduced the price of food a half, but it has lowered the wages of labour in a still greater degree, by reason of the numerous bankruptcies among the employers, and the diminished work for the employed. It was induced that terrible instability in mercantile transactions, and those ruinous monetary crises, which have now become of periodic occurrence, though unknown before the resumption of gold payments, and which never occur without destroying from a third to half of the whole commercial capital in the empire.

It engendered that overwhelming influence of the monied aristocracy, and general suffering of the industrious classes, which inspired the money power with that restless desire of change, which never fails to accompany long-continued and general suffering. By vesting power in the monied and mercantile classes, through the Reform Act, it brought on that series of class legislative measures which have gone so far to endanger our colonial empire, and destroy the national dependance of Great Britain.

All the evils under which we now labour may, by a demonstrable series of causes and effects, be traced back to that one fatal deviation from Mr. Pitts protection policy, (through paper currency or cheap money) under which the nation had so marvellously prospered during the war."

The above quotation sets forth the fearful effects caused by the contraction of the currency of the country. The extent of that contraction is thus noticed in *Blackwoods Magazine*: "The population of the Empire, including England, Ireland, Scotland and Wales, in 1814 was 20,000,000 the notes in circulation £60,000,000," or about \$14 per head; the notes issued in England alone in 1814 were £48,500,000 and the population was 11,000,000 or about \$21 per head, besides specie, for England separately.

It will be pertinent to here remark that the whole amount of notes in

circulation in Canada on the first of June was \$8,947,942, placing our population at 3,000,000 we have not in Canada three dollars in bills per head in circulation, while England in that era of her prosperity had \$21. Is there any wonder that money is said to be scarce in Canada, and the misfortune is, as we have shown in our April number, that the banks are not safe in furnishing the very limited amount now in circulation. How important, then, in the light of these facts to have an ample national currency such as we have suggested.

To return to the subject in hand, we further find that,

"By the Bill of 1819 followed by those of 1826 prohibiting small notes, and of 1844 and 1845 regarding the currency, the notes have been lowered a half, they have sunk from £60,000,000 to £32,000,000 while the population increased from 20 to 30 millions,"

Leaving the whole population of the empire only about \$5 in place of \$14 per head, as first stated.

As long as they had a paper currency it could be relied upon to carry out the internal trade of the country, while experience has proved that even in England,

"No lasting reliance can be placed on the gold, how great soever its amount in the country, because it is liable to be drained away any day by a bad harvest, a war abroad, or the usual mutations of commerce. In the last thirty years the people have increased nearly by a half, their transactions have been tripled, and the money they can rely on keeping, in the country has been halved."

The effects of that contraction was a most serious lack of currency, which as observed on page 143 of this Review caused a famine in Ireland in 1821, while there was abundance of food, and so fearful a deficiency of clothing in England, in 1826, that the government had to request the ministers of the Gospel to plead from their pulpits for contributions,

for the people, while it also furnished soldiers cast off clothing for the needy, and yet that same government was with almost the same breath accusing the manufacturers of causing the distress by an over-production of clothing, when it was their false legislation, the serious contraction of currency, and depriving the land of money. The farmers were ruined, employment was not to be had, poor rates were oppressive, from (15 to 30 millions of dollars a year,) charter riots followed, then the crisis of 1838 and 39 caused partially by bad harvests, which continued without intermission till 1842. Then commenced the railway mania which was fostered by Pitt in hopes it would furnish labour and relieve the distress caused by his contraction of the currency.

Now it was that Free Trade theorists urged their *idea* proclaiming it to be the panacea for those multiform grievances which so affected the body politic, its promoters promised a twofold blessing—plenty of work—and cheap bread—amid universal distress could such tempting promises fail to receive all attention, especially when made by men of great wealth whose new ideas and high position cured a prestige which finally accumulated force sufficient to over-power opposition and accomplish the end they had in view. Yet notwithstanding all the evils and discontent caused by the contraction of the currency Free Trade would not have been secured, had it not been for the panic caused by the potato disease which was artfully fostered by the advocates of Free Trades.

It must be remembered that the period to which the facts above cited belong, closes with the year 1850, as the country was emerging from the crisis of 1847 and 1848. A new era dates from that time, the gold discovery in California in 1850, and in Australia in 1854, caused a rapid addition to the currency of England,

created a remunerative foreign market for labour to be supplied by British emigrants, and British manufacturers, which were paid for in gold, consequently from that date the currency has gradually expanded until it is now estimated by British writers at "\$600,000,000." or including specie \$20 per head of the whole population which is about six dollars more per head than they had before they contracted the currency and, they have now a somewhat similar state of prosperity not the result of Free Trade however, but of a more ample currency secured from the increased production of gold, through which an All Wise and overruling Providence has mercifully mitigated and counteracted the evil effects of Peel's currency and Peel's Free Trade legislation.

If the roots of a tree are gradually taken away, men will cease to depend upon its future fruitfulness, they consider the days of its prosperity as good as numbered that a dry season or an untimely blast will finish its usefulness or lay it low in the dust.

In Canada the all important idea kept before the country is the necessity of having the land occupied and cultivated, every cultivator of the soil is looked upon as a nourishing root of our youthful national tree.—“He that tilleth the earth shall never lack bread” that promise is a foundation stone of hope to the farmer, while “he that maketh haste to be rich, shall come to want.”

It is not many years since we saw in Statistics of England's industrial classes, that there were 250,000, land-owners. Has Free Trade multiplied those roots or has it extracted them from the soil, England, under a protective policy and irredeemable currency increase her agricultural population from 697,153 families in 1811 to 773,732 families in 1821. In 1841 there were 737,206 farmers and graziers, 2,312,388, Agricultural labourers, 6,796 gardeners.

The last statistics show of farmers and graziers, only 249,575, or only one-third the number in 1841, and 1,338,393 male and female farm servants or 1,000,000 (which is nearly one half) less than in 1821, are those results satisfactory, to all who desire to see England strong in self dependance. In the last ten years alone, the farmers and graziers, have decreased about one fifth, or or from 306,767, to 249,575, farmers wives from 201,735 to 163,735, their sons and daughters, from 275,170 to 176,165, landholders, from 34,621, to 30,766. If we recollect aright in 1821 the landholders amounted to 250,000. If so how vast the decrease accomplished through the fatal currency act, and Free Trade. It is only a few days since we saw a statement from an English paper that the land was fast returning to its feudal condition, that many Nobleman and also wealthy individuals of the untitled classes were buying up every acre of land, as fast as put in the market at prices that the rental would not pay more than two per cent on the money, there was instanced as a result that at late elections, those who refused to vote for the proprietor got notice to leave at the termination of their lease.—The end must 'ere long be, that a few thousand landed proprietors of Britain will have the control of the government of the country, and the efforts of political demagogues to deprive them of all power is through that specie currency and Free Trade which they originated, gradually and rapidly reverting back to its primeval strength during the feudal ages. To come close home to view the importance of the question, we find one landholder to every thousand of the population in England, if the same proportion existed in Canada we would have only three thousand landholders in the country, we have, over

one hundred counties, that would be thirty to a county; and about five to a township. Will any Canadian think that would be healthy; again we have by the last returns in 1860, 100,000 land occupiers, in Lower Canada, and 120,000 in Upper Canada, who have from twenty acres and upwards; there are 17,000 having less than twenty acres those 17,000 will balance against the few in the Country, who may *occupy* under lease, therefore we can safely estimate the landholders of Canada, in 1860 at 220,000 and if we add the probable increase since then the total will now, no doubt be 250,000 about the amount England had, forty years ago. The quotation above given from *Blackwood's Magazine* informs us that a large number of the English farmers were made bankrupt by Peel's money Bill, and Free Trade is evidently finishing the greater portion of the balance. Did Free Traders intend it should?

The following extract from a Free Trade League circular will answer the question.

"If the Americans will only put down their monopolizing manufacturers when our election time comes, we will lay the Mississippi valley along-side of Manchester, and we will have a glorious trade!"—and again, "Our doctrine is, let the working man ply his hammer or his shuttle, and let the Kentucky or the Illinois farmer, by driving his plough in the richest land on the surface of the earth, feed this mechanic or this weaver, and let him send home his produce in exchange for the products of our operatives and artisans."

In that quotation we have the proof of their determination to ruin the farmers of their own country by buying their food from Kentucky and Illinois which they have accomplished and they expected to ruin the "*monopolizing manufacturers of America.*" To destroy the capital invested in

agriculture in England, and the capital invested in manufactures in the Eastern States.

It was unblushing knavery openly organized on the grandest scale the world ever saw. The American Statesmen met the knavish plot to destroy their manufactures by an increased Tariff, which was recommended to the attention of Congress by President Taylor in the following words:

“ 1st. I recommend a revision of the existing Tariff, and its adjustment on a basis *which may increase our revenue. I do not doubt the right or duty of Congress to encourage domestic industry, which is the great source of national, as well as industrial prosperity, I look to the wisdom and patriotism of Congress for the adoption of a system which may place home labour at last on a more permanent footing and by due encouragement of manufactures, give a new, and increased stimulus to agriculture, and promote the development of our vast resources and the extension of our commerce.*”

The object of Cobden, Bright, and their coadjutors was to secure *Protection* to themselves, while they forced Free Trade upon the farmers, to get *untaxed bread* from foreign lands, to compel the farmers of England to pay all the high taxes of their country and make a living in a competition with the untaxed food of America. The manufacturer necessarily indirectly paid a portion of the English farmer's taxes so long as they bought English food, but by Free Trade they slipped out of that yoke and left the farmer to stagger and sink under the load he was unjustly compelled to bear. The manufacturer thus freed from that portion of the taxation got cheaper bread for his operatives. The operatives then had to submit to lower wages, the manufacturers pocketed the difference, and have amassed immense wealth in supplying other countries, not with cheaper goods, but on

a length of credit which the foreign manufacturer for want of cheap money is unable to compete with.

The Free Traders as we have shewn from their own *Circular* determined to ruin the farmers of England. Careful government statistics of 1841 shew that 18,734,468 individuals of the population were “Engaged in, or dependent on agriculture and 8,091,621 engaged in, and dependent on manufactures. That the amount of capital invested in Agriculture was two thousand millions of pounds sterling, and only seventy eight millions pounds sterling in manufacturing. That the “annual creation of wealth from agriculture was.....£250,000,000

From manufactures	} 127,000,000
(deducting the raw material.)	
Interest on money.....	37,000,000
Colonial interest.....	18,000,000
Fisheries.....	3,000,000
Foreign Commerce	} 15,000,000
(including shipping interest),	
	<hr/>
	£450,000,000

Out of that annual production the whole nation subsists, every class of the population takes its living.” The balance left at the end of the year was the national profit or gain for the year. It can thus be seen that the Agricultural interests were one-fifth more valuable and necessary to the existence of the nation than all the other sources of national wealth put together, and within a fraction of double the annual importance of all the manufacturing interests of the nation, and yet, the Free Trade fanatics were determined to ruin the whole agricultural population of the country, thinking thereby to promote their own interests. The Free Traders accused the farmers of being a “grasping and rapacious

class," but they only get one dollar annually of return for every \$8 invested, which can be seen from their capital being £2,000,000,000 and their increase £250,000,000, while the manufacturers with only £78,000,000 invested, realized an annual increase of £129,000,000 or nearly two dollars for every one invested and about \$15 where the farmer secured one, yet they were not satisfied. It must be remembered that the leading advocates of Free Trade were those "who manufacture solely for exportation." It was for their peculiar benefit, and at their instigation that the Corn Laws were repealed.

The adoption of Free Trade has deprived England of one-half of the home-market she possessed, from the requirements of her agriculturalists.

She has expatriated those invaluable producers from her own soil to lands where they consume the manufactures of their adopted country. She is annually and rapidly disposing of *the roots that nourish her* existence. That existence is now dependant upon contingencies that she cannot control.

An enquirer asks how it is, that the farm my father lived on, or the one next to it, now rents for double what it did twenty years ago? The answer is that it is worth double to the tenant that it was twenty years ago. Several causes operate to make it so; first the value of money is on the average worth very little more than one half it was twenty years ago; from that decrease in value he realizes an increase of price, for many kinds of his produce. 2nd. The land has been drained during the last lease and now yields two bushels where it yielded one before. 3rd. That draining has added from six to eight weeks in the year, to the period of cultivation which is of vast importance. 4th. That farm is now only a part of one that has previously

swallowed up two or three others, and the proprietor can manage the whole with about as little trouble, as each separately; and with a considerable less capital proportionately. — Those are some of the leading points that are not considered, by most who fancy it is Free Trade that should be credited with the result.

Commercial prosperity is next put forth as the fruits of Free Trade when it is well known, that England's commerce is more indebted to the extra demand for shipping and goods created by the, to her providential discovery and development of the gold mines, and to the further, very important demand for foreign food, solely caused by the ruin of her agriculturists at home, and not at all through Free Trade.

The true sources of England's present prosperity are, 1st. The vast amount of interest annually received from all countries, from the loans made by her out of the profits which she accumulated during the, protection era of her history. 2nd to the profits on the carrying trade of the world which at present she so nearly monopolizes. 3rd to the profits on products of foreign countries that she re-sells to other people. 4th to the produce of her mines sold to foreign nations. Leave those four items out of her assets which we must do, to place her on a level with Canada; and we will find that she is not under Free Trade self sustaining, whereas before Free Trade she was, independent of the resources referred to. We have already extended this article far beyond our original intentions or we could now fully show the correctness of that statement.

The glory of a nation is its people, the prosperity and happiness of that people, the proof of the wisdom of its rulers. Can that man be called a wise statesman or patriot, who is willing to ruin or expatriate the agriculturists

from his country or give his aid to accomplish the schemes of his supporters to ruin the manufactures of other lands with the hope of averting the present distress of the people, at the imminent risk of the future ruin of his own country, as Sir Robt. Peel did through Free Trade. Through the contraction of the currency he introduced distress, by Free Trade he perpetuated it. If Canada had but five landholders in each township, only one comfortable residence where there are now hundreds, and its merchants only one independant and energetic man to supply instead of hundreds, our mechanics only one house to furnish, or one carriage to build in place of hundreds, and they saw our land gradually going out of cultivation as it is all over Britain, would it look sound, would there be no fear that trade would diminish, and an earnest looking abroad to some healthier state of society. Mr. Gladstone says that the agricultural products of Ireland fell off from £39,437,000 in 1860 to \$27,329,000 in 1863 nearly one third. The *London Spectator* attributes it to the tenure of the land. The fact is the root of the evil is Free Trade, which has withered and blasted so many luxurious fields—During the age of British Protection, Ireland exported as high as £15,000,000 a year of her produce to feed British manufacturers, and British manufacturers in return supplied them with their goods, thus they united to make a living for each other, and together united from their joint industry to pay the taxes of the country, untaxed food from America now fills their market while her farmers with lower prices have their taxes to pay—the *tenure* of the land under such circumstances becomes of no consequence, the cultivator leaves and it is thrown into pasture. The quantity that went out of cultivation in Ireland in 1863 was 140,000 acres, and

in England and Scotland a large amount.

Make a home market and the soil will be cultivated. Just now around the city of Belfast where the linen trade is very prosperous, every acre of land is taken up to supply the increasing demand for those products that will not bear importing from abroad. England's Free Trade is driving the Irish from Ireland and the English husbandmen from England to that land which in the language of President Taylor "encourages domestic industry and places home labour on a *sure* and permanent footing, gives a stimulus to agriculture, extends commerce," and ignores Free Trade, and the result justifies President Taylor's foresight and statesmanship, it has peopled and enriched his land beyond all precedent, and provided an ample home for the continually increasing millions that Free Trade legislation has, and is yet expatriating from the British Isles.

There is one point of which people are not aware when they think England is a purely Free Trade country, it is only Free Trade to farmers, there is a comparatively higher tariff on many of the leading manufactures than we have in Canada, as high as 15 per cent on cloths which when taken in connection with their cheaper money is actually a much higher rate than the Canadian tariff at 20 per cent, and £28,000,000 of the British Revenue is raised by a tariff.

Centralization is another fearful evil which has been most wonderfully strengthened by Free Trade, the ruined agriculturists have sought employment in the large cities and centers of trade, so that to-day it is computed that one seventh of the whole population of England is concentrated within the city of London alone. The result of that centralization is, that in case of stagnation of trade as lately witnessed in Lanca-

shire, the accumulation of suffering is intense, and difficult to relieve, except in prosperous agricultural country. Again these centers of trade, are centers of dissipation and crime, the attendant expenses increase and accumulate with great rapidity, therefore it should be the aim of every statesman to as fully as possible provide against it.—Free Trade and depopulation are going hand in hand with centralization, to uproot the very foundation of Britains future stability. "War has swept away its thousands but peace its tens of thousands."* "It is hardly a century since a rebellion of the Highland Clans sufficed to shake the British throne to its base. Where is that host of matchless soldiers now?—We have it on record that in 1745 there were upwards of 30,000 able-bodied clansmen in the Highlands fit for home and foreign service—every man of them alike in frame and spirit, a warrior. There is not a tithe of that number now; and many districts which furnished their 500, 700 or 800 soldiers in time of war are now without a single human being, in them but a shephard or two and a brace of game keepers. It is stated that the Island of Skye alone furnished during the Peninsular war twenty-one lieutenant-generals and major-generals, forty eight Lieutenant-colonels, six hundred majors, captains, and subalterns, ten thousand foot soldiers, one hundred and twenty pipers, besides three persons for the public service, four Governors of British Colonies, one Governor-general one Chief Baron of England, and Judge of the supreme court of Scotland." Free Trade has beggared them their old minister the Rev. Alexander McGregor, of Inverness, says "they are sunk in the very depths of poverty."

We could give an extract from a letter of the owner of an estate in the

most northern part of Scotland who had a tenantry with small holdings, that regularly pay from five, to fifteen pounds a year. Those families he says have been on the estate for generations. They do not raise much food for export "but they contributed very largely to the prosperity of neighbouring towns and villages and through these to that of many other classes." Such landlords and peasantry do more for the stability and glory of an empire than all the Free Trade in the world.

The facts we have set forth are worthy the careful consideration of those who believe Free Trade has been a blessing to Britain.

They clearly shew that Free Trade has not promoted the prosperity the stability and glory of the British Empire. They could be multiplied indefinitely but these given clearly shew that that solid prosperity which it is the duty of wise rulers to aim for, is greatly wanting in the present agricultural position of that country. That the gradual return to large holdings and to a semi-feudal state is unhealthy. That the love for country and for institutions, which are gradually severing the cords that bind the people to the soil, will ultimately leave the masses in a condition which will cause them to demand and strengthen them to secure that "re-distribution of the land" which the London Times understood Bright or Cobden—we forget which—to propose as a remedy for the great suffering at that time experienced by the operatives in Lancashire—which by the way the speaker was long in contradicting, and which idea we have long foreseen will by-and-by obtain a prominence now little conceived. Free Trade has taken the land from those who tilled it, and the very men who accomplished the fatal fact through Free Trade, now covertly propose in a speech so plain

*Blackwood December 1855 page 735.

and yet so blind that it can be construed either way, to restore the land to the masses, as a remedy for the evils they originated. As one lie often requires many more to hide it, so one false piece of legislation leads to many more which continually keeps

society in hot water, destroys all permanent prosperity, unsettles the industry of a country, creates desires for radical changes, and for revolutions like that in the United States that eventually flood the land with the blood of a fratricidal war.

CANADIAN AGRICULTURE.

It is well known that Canadian agriculture is not in that healthy state it should be. Canada has long been classed among the first wheat growing countries in the world, it is now fast losing the credit it has hitherto enjoyed. If we examine the late statistics we will find that nearly all the old counties in Upper Canada that used to raise Fall Wheat most abundantly now only return from eight to twenty bushels to the acre as follows:

	FALL	SPRING.
Welland.....	10 bush.	16 bush.
York.....	20 "	20 "
Wentworth.....	15 "	17 "
Halton.....	18 "	18 "
Elgin.....	12 "	16 "
Essex.....	18 "	17 "
Lincoln.....	3 "	13 "
Prince-Edward.	9 "	19 "

The new counties give a far higher proportion.

	FALL	SPRING.
Huron.....	28 bush.	25 bush.
Bruce. .	25 "	20 "
Gray.....	28 "	17 "

We have not given the fractions, the round numbers are sufficient to show that counties which in former years made such ample returns for the labor bestowed upon them are far behind the new counties in the yield of exportable products, especially white wheat.

It is evident that the seasons are not the chief cause of the deficiencies, that the apparently least likely sections of the country, and cultivated with the least experience, yield altogether better returns than the older sections.

The blame has year after year been placed upon first one cause and then another, upon one insect and then another. Years ago rust was one of the most fatal evils the farmer had to fear, of late years it has had but little to do with the decrease. In Lower Canada the deficiency, in fact the almost entire absence of wheat culture over vast tracts, that once returned as abundant yields as the best sections of Canada West, should not only raise the curiosity of our legislators, but, should arouse our statesmen to perceive the necessity of devising some system to restore the abundance of

former years. Lower Canada does not now raise sufficient wheat to bread itself. Upper Canada is rapidly increasing in cultivated land and yet the total yield of wheat, especially of white wheat, is decreasing.

The legislature and government of Canada is virtually, a *free trade* one, it conceives it better for Canada to devote her energies to raise wheat to pay for supplies of foreign manufactured goods than to make them in the land. That it is folly for a new Country to endeavour to manufacture for itself, consequently it is all the more important and imperative on them to watch and ascertain the causes and provide a remedy against the approaching day, when Canada West as well as Canada East will not be able to raise bread for her own people, without raising an overplus to pay for foreign goods with. In consequence of that falling off in the yield of wheat there is a deficiency of \$15,000,000 during the last three years in our balance sheet, we having, bought that much more foreign goods during that time than we have raised produce to pay for them with.

The leading causes generally assigned for the failure of our wheat crops have been the depredations of the various insects so prevalent of late years. It is important to know that those insects appear and prevail almost altogether in the older and longest cultivated sections of the country; that where the lands have borne the most wheat and received the least nourishment in return they will be found in the greatest variety and numbers. The agricultural history of the States of New York and Ohio both present the same experience, the extra price paid for white wheat in the United States previous to the Reciprocity Treaty was due altogether to the failure of the wheat crops in these States; in New York alone the yield decreased in a few years from 13 to 9 million of bushels. That was the

reason they were obliged to pay higher for our wheat than we could get for it in the English market, and that obvious difference was one of the strong inducements offered by annexationists to Canadians for a connection with that country, which ended in a Reciprocity Treaty against the wishes of the British government.

The wheat crop is again on the increase in New York, the farms again return wheat for the labour, and in Canada where the land has rested from wheat for several years and been well nourished, the wheat now springs forth abundantly and the insects harm it but little, and often not at all. The facts above cited go to show that there is a great possibility that the failure of the wheat crop results from the over-abstraction of some of the elementary substances from the soil which unite to form the perfect wheat plant as well as the fruit it bears.

We have seen a horse hair in a way-side ditch of clean rain water, transformed by the action of the sun upon it into a worm, and not long since a circumstance was noticed by the press in which a similar existence was seen carefully guarding its eggs. We remember of seeing, some thirty years ago, in a pool of stagnant water where the bristles from slaughtered hogs had been thrown, a living mass of little bearded looking insects, each hair or bristle had become transformed into a living moving creature. A more commonly observed development of animal life is very often noticed in certain descriptions of cheese, in sections where it appears to have been impossible for them to have received existence through ordinary generation or incubation, again it is well known that the spawn of Salmon—and we suppose of other fish also—will not develop life until the locality in which it is laid has been pervaded by a discharge from the male fish of what may be called a magnetic fluid

through the electric agency of which the spawn is penetrated by the living principle and transformed into a generation of fishes.

We are aware that long descriptions of the horse hair worm have been given, in which it is denied that it ever was a hair. That may possibly be, but from observation we are inclined to believe that it is just as possible it may have been as we have described it, and as for the "insect-bristles we referred to," there can be no mistake for we closely examined them from the strangeness of the association. We are aware of fully as marvellous an instance of life development in the case of a man in Brantford who had his toes burned or frozen, and in dressing them one day the physician in probing the end of the large toe observed the whole end to be one closely packed mass of small worms that had been developed into life out of the decaying flesh. All we intend to further adduce on the subject is an extract from the *Dunnville Independent* of July 2nd.

"There is not a single particle in the body called man, in which our glasses do not discover myriads of living creatures, the surface of which are also covered with myriads of other animals, which are the basis of other animals who live upon them"

The facts cited, which can be abundantly multiplied, evidence that certain forms of matter under certain conditions which are varied, will be developed into insect or animal life. Is it not possible that the wheat grown upon soils which have through shallow cultivation, repeated cropping, and insufficient manuring been deprived of so much of the life element of the plant or the berry that they fail to mature and that that weakness in vitality deprives it of strength to come to perfection, and that fatal weakness induces the development of the particles, of its own or foreign substances

that may adhere to it, into animal life which when once developed multiplies by generation.

Since writing the above we have seen the following statement from the letter of a large agriculturist in Illinois which can be seen more at length in the report of Isaac Newton Esq., Commissioner of Agriculture for the United States, it refers to the action of the Hessian Fly: "A strong rooted plant will more easily overcome a serious attack of the fly than a late sown and weak one can, resist the freezing out to which it may be exposed if sown late."

It is evident that if a strong plant will resist the Hessian Fly it will most likely resist other insects also, which brings out the importance of deep cultivation. It also brings to our recollection an old farmer near St. Catharines who some years ago had farmed all the strength out of his farm and nearly beggared himself through his perseverance. He eventually sold his farm to an Englishman who gauged his plow deeper than the old farmer had, the result was 40 bushels to the acre, in order to meet his payments on the farm he was obliged to re-sow the same fields, but he first turned it up deeper than before, and he secured 30 bushels of wheat to the acre from the second crop; observation over a wide field and reflection on the diversified facts and various phases in connection with the subject, led us to suppose that a development of insect life through the weakness incident to an exhausted soil was at the bottom of this all important question, and that at least were it not for that weakness they would be helpless to seriously injure or destroy. It must be recollected that that weakness may also be partially inherited from the seed, as well as resulting from an impoverished soil. We have had the views above

put forth strengthened by meeting with a gentleman who is not only particularly interested in the agriculture of the country, but who having had opportunities of observation in every state of the neighbouring Union and both Canadas, had come to similar primary conclusions. He had not as yet tested the correctness of the ideas, but believed them plausible and that there was a fair probability of there being sufficient in the idea to justify placing it before agriculturists and others, competent and in a position to thoroughly test and note the various results accruing from a careful investigation of the idea, the extract we have given in regard to the Hessian Fly is also confirmatory of the opinion formed.

Again if we take the forest lands of our country, in the lumbering districts especially, where after being gleaned of the merchantable timber the fire has consumed the balance, we will find that the growth which springs up is altogether different in the main to that which covered the ground before. No human hand or living animal planted those new classes of trees or shrubbery. The different descriptions of soil also develop different classes not only of trees but of fruits and flowers. If the farmer observes his garden or his fields he will see the pigweed grow, where none grew before, the wild briars and nettles grow broader and higher, where the probability of their being produced from seeds is very limited, yet we will also in successive years see them increase from a development of the root, or germination from their own seed. All of which points the observer to the possibility that the insect life which cuts off the fruits of the farmer's toil has its origin in the outset, and is perpetuated to a great extent by a deficiency in the soil of the elementary nourishment through which it obtains

life, and the absence of which also adapts it to the development of that insect life which as an overruling Providence stops the farmer from further wasting his time and strength in endeavoring as it were, to grow wheat from chaff, to expect fruit from an exhausted soil.

We have lately noticed the press reporting that the wheat on those farms in sections of the country where they have drained has not been injured by the wet weather of May, or the drought of June. That the frost of winter did not heave it out or the heat of summer drink up the life blood of its roots.

Deep cultivation is in many places difficult and in large tracts utterly impossible unless first drained. The expense of the leading drains is such that no private enterprise can cope with it—*independent of the vast amount of exhausted wheat lands in Upper and Lower Canada—there is in the country of Essex—Lambton and Welland, large tracts of very rich lands that will ever be unfit for settlement unless first drained, and throughout the whole province more or less of now unsaleable public lands of the richest description that could by judicious draining realize handsome returns to the government. The field embraces a vast portion of the Province, and in view of the decreasing yield of cereals assumes an importance of sufficient magnitude to deserve the prompt and earnest attention of every farmer in Canada, of every member of Parliament, in particular the Ministry in power. It is not wheat alone that we can cite as decreasing, but can give other classes of produce in various sections, that have exhausted the soil on which they were grown.*

One great advantage of drainage is that it secures a dry soil, in wet weather, on the farms drained in England and Scotland it adds from

six to eight weeks to the period for plowing and sowing. It has further been observed that in the sections where the land has been extensively drained the climate becomes warmer and more fruitful, those cold damp fogs that were wont to hang as a death pall of the farmers' hopes, forever disappear. They cease to check the germination of the seed and no more blight it by rust, or otherwise, in its later development.

The necessity of deeper cultivation, the vast, and we may say almost overwhelming importance of drainage, being clearly seen by all who think upon the subject. The question of vital importance is, how can it be accomplished. In England where the proprietor will furnish money to his tenant at two per cent there is no difficulty, the tenant gets an immediate return and when the land is leased the land-lord gets an advance in the rent, which is ample to justify the loan he had made, but in Canada where money is from ten to twenty per cent to borrow at those rates would be utterly ruinous.

MONEY FOR DRAINAGE.

There is only one way by which funds for any extensive system of drainage can be supplied in this country, it has already met with the approval of more than one member of Parliament and of some of the prominent leading agriculturists of the country, we lay it before our reader's, for their prompt and earnest consideration.

1st. That the government shall through a Bank of Issue, as proposed in our January number, furnish to all farmers, gardeners, or municipalities the necessary funds for properly draining their land.

2nd. That such loan shall be a first *lien* upon all lands upon which it is expended, the amount of such loan to be registered in a book kept for that purpose in the Registry Of-

fice of the County in which they are situated.

3rd. That the Registrar of each County shall make an annual return on the 1st. of March to the clerk of each municipality of the property liable for a loan, and the amount to be collected therefrom for that year, which shall be added by the said clerk to the amount of the municipal taxes thereon.

4th. That the borrower shall pay five per cent annually in coin, on the amount of the loan to the tax collector of the municipality for the term of twenty-five years as payment in full for the loan, and there with sufficient fee to pay for Registration and other contingent expenses. In case of default—payment to be enforced the same as for regular taxes.

Note.—The Bank will have to eventually pay the notes in gold and it will be no hardship for the farmer to pay the amount required in specie.

It has been suggested to us by gentlemen who take a deep interest in this question of drainage, and of National Currency, that the farmer should be free from paying anything on his loan for two or three years, and thereby be enabled to increase the stock and add other improvements, we however adhere to our original idea for we think the industrious farmer will be enabled to readily meet his instalments of five per cent out of the increased productions. From \$100 to \$200 a year will likely be the most that the average of farmers can judiciously expend in a year. By draining a little every year they will learn to do it better and cheaper, and be able to do a great portion of the labour themselves at periods which from various causes they are now idle. With those extra advantages and the, from \$50 to \$100 a year that they can safely depend upon realizing from the extra production, they will have no difficulty in paying from \$5 to \$10 a year from the profits of the investment. Another reason for their paying annually from the receipt of it is that the National Currency we have suggested that will constitute the funds to be loaned are payable by a

sinking fund of five per cent annually and any deviation in the terms of payment would destroy that uniformity which we consider so essential to any healthy system of National Currency.

5th. The amount so collected to be paid to the Treasurer of the municipality in coin, and by him to the County Treasurer who shall give the Registrar notice of such payment, and annually on the first day of January remit the amounts so received to the Bank of Issue at the expense of said Bank.

6th. All parties requiring money for drainage shall apply to the County Engineer (or other officers appointed therefor) who after visiting the premises shall make a diagram of the lot of land as designated in the Title therefor, and of the portion thereof to be drained, with the number and length of the drains to be put in,—the average depth of the drains,—the quality of the soil—the size of the tiles to be used, and the number required.

7th. When the work has been duly completed application to be made to the County Treasurer for the money, the application to be attached to a diagram, as first required in which shall be set forth the length of the drainage the average depth of the soil, the cost per yard for the digging, the cost for laying the tiles and covering, the cost of the tiles per thousand, the distance they were drawn.

The number and price of the tiles bought to be certified to by the manufacturer of them. The Engineer to visit the work and certify that the drainage set forth in the application has been duly inspected by him and completed to the best of his belief according to the diagram furnished. Any party falsely certifying, to be subject to fine and imprisonment, one half the fine to go to the informer.

Note—It is necessary that drainage

should be upon a regular system, that the depth, the grade, the number of drains, and the size of the tile should all be the most suitable for the soil, and that the lay of the land will indicate as most advisable. A book should be published in which the views of those who have had practical experience in draining could be seen as a guide in all these points. A cheap drain level can be furnished not costing over a dollar—we have seen such—that any farmer can use and thereby be enabled to put his drains on the proper grades without any engineering expense. Unless there is some competent person, however, to give leading instructions and define the work that is to be done, and to certify to it when it is done, there would naturally be a great amount of funds uselessly thrown away. It is probable that the County Engineer would be the most suitable for that office. If he would undertake it at a reasonable rate, we think a dollar a visit and mileage when he finds his own Conveyance should be ample.—There is also to be remembered, that there will have to be leading drains constructed at the expense of the Township or County, and that the County Engineer would be the only proper officer to lay out and see them constructed in a sufficient manner.

The object of the table of items above required is for future reference and guidance in drainage enterprise. To which there would be no harm to add annually the kind and quantity of produce raised therefrom. If tables were furnished to be filled up every year with the produce of the undrained lands also, it would be of invaluable advantage as a basis for future legislation.

8th. The County Treasurer upon presentment of said application to pay the applicant within ten days, two thirds of the cost of said drainage after first deducting the Engineer bill, and expenses of Registry, which shall be paid by the Treasurer to those parties on demand.

Note—We have placed the amount to be received at two-thirds the cost, which we think is ample inducement to a man to undertake the expense for very much of it will be done by himself during the

comparatively idle season of the year and will induce caution and industry.

9th. The Bank of Issue after being authorized by Act of Parliament, will, upon being presented through the County Treasurer with a duplicate copy of the application, signed by the County Judge, pay to the County Treasurer the amount therein applied for.

10. Any Township or County requiring money for the construction of leading drains may be supplied with it on the same conditions as individuals with the exception that they may receive upon application the full cost of the work done.

Note—For the information of those who may not have seen the system for a *Bank of Issue* proposed in the January number of the Review through which the County may be supplied with an ample and sound currency, we will here give the leading idea of it.

The government would establish an office that would issue National Currency redeemable at the end of twenty years by a sinking fund of five per cent annually. The effects of that Currency would be that if our wholesale merchants imported more goods into the Country than we exported produce to pay for them, they would have to pay a premium for gold to meet their obligations.—That premium is now indirectly paid through high rates of interest by the farmers, retail merchants and all consumers.

The wholesale men under our Currency are guaranteed against having to pay that premium. That Currency would therefore lead the wholesale merchant to secure his supply from the manufacturer in Canada where he could pay in the pay he gets. That would leave the gold, we get for our produce to pay for those necessaries which we must import.

There are certain lands that cannot well be drained, there are others that for various reasons will not be. The owners will find in the following extract from the "American Agriculturist" a description of the nourishment the soil requires for wheat crops.

"A WHEAT LAND REMEDY."

"Some of our wheat crops fail, not from the midge or fly, but because of deficiency in the soil, it not being what it used to be. There are many such cases. These crops are generally grown on the same soil where wheat had been grown for years, in some instances always. The difficulty here is, the ammonia of the soil is taken up—the soil lacks this ingredient, which is the principal one in wheat. For others the soil is as good or nearly so, as ever. To make it good again for wheat, simply apply ammonia. This can best be done by the manure which contain most ammonia, and these are such as draw their strength largely from the atmosphere, such as clover, peas, and root crops. These fed and the manure applied will give you wheat. So will the manure from oats fed, and some other nitrogenous grains. This manure will also hasten the ripening of wheat, and tend to give plumpness to the berry, whereas the other manures, obtained from straw and crops plowed in, will grow straw, and have a tendency to keep longer."

The statements above set forth are confirmative of the ideas we have advanced that the want of those elements of life essential to the full and perfect development of the plant and berry of wheat is the cause of the alarming decrease in the annual yield. The specific remedy required to secure an increase of yield is clearly set forth in the "extract" we have given, and it at once reminds us of an article prepared in Montreal under a Canadian patent called "Coe's Super Phosphate of Lime." The principal ingredient in it being ammonia, at once stamps it as the very article for those farmers to procure, who desire to secure a more satisfactory return for their labour. We noticed a communication in the Montreal Gazette that the Hon. George Brown was this season using ten tons of the article and we believe a ton is ample for four acres. The cost we believe is \$50 a ton and can be purchased by the hundred or by the ton in most of the

leading towns or through E. L. Snow Esq., the "General Agent" at Montreal. In Sir. Wm. E. Logan's "Great Work" "the Geology of Canada"* he observes that :

"Phosphates are among the minerals most essential to vegetation, and are removed from the earth in large quantities by growing crops. The importance of a supply of phosphates to the soil is made very evident by the fact that the mineral part of the bones of animals is, for the greater part, phosphate of lime, and up to a recent period furnished a sufficient supply of this material for the demands of Commerce. In South Lancashire alone,

*Pages 756, 758, 759 & 560.

the weekly production of the super-phosphate in 1861 was stated to be from 500 to 600 tons; besides which very large amounts are manufactured in other parts of Great Britain."

It is evident from the above, short quotation from several pages devoted to the subject in the work referred, to that the "Super Phosphate" is a fertilizer of great importance to every farmer, for it is not on wheat lands alone that it is beneficial but on a great variety of both root and cereal crops. The limited cost will justify any farmer sending to the agent referred to, for a few hundred pounds to test it.

LEGISLATIVE UNION OF THE BRITISH PROVINCES.

We give from a communication to the *Leader* the following proposition for the Legislative Union of the British Provinces, and in doing so feel no hesitation in endorsing the leading ideas, but not all the clauses. We do so the more freely because we consider that the scheme of "federation" constituting the platform of the present Ministry—but not the platform of the people—as one so impracticable from reasons which we will give in this or a future number—that by its adoption we would sow thick and deep the seeds of future discontent, and thereby curse our land and our posterity, with evils vastly more disastrous than we have suffered or that it is probable we would if no change is made, except that of turning out

of our Legislative Halls the numerous "legislative tools" and greedy cormorants, who are perched therein, seeking for anything, but honesty, and caring not for the peace and happiness of their country :

[To the Editor of the *Leader*.]

Sir,—In your editorial of the 28th instant you referred to the proposed general federation of the British American Provinces—or the federation of the Canadas, in case of failure in accomplishing the general federation. You also say "There are both in and out of the Legislature some who accept neither of these plans. They are prepared to oppose both. * * They are bound to tell us what they propose as a substitute."

I think a better, a less expensive, and more national system can be found, and therefore propose the following scheme :

1. One Legislature for all British America.
2. British America to be divided as follows ; commencing from the east

and wending our way with the Star of Empire westward, The Maritime Provinces, (in one) to be called *Cabotia*.— Lower Canada to be called *Acidia*. Upper Canada to be called *Canada*. The country between a line drawn North from Lake Superior and the Rocky Mountains to be called by a name with a similar termination. Some appropriate Indian word could probably be found. West of the Rocky mountains, *Columbia*. We would thus have five divisions *Cabotia, Acadia, Canada, Athabaska* and *Columbia*, each with immense territorial resources, &c., capable of accommodating a very large population.

3. No local Legislature, that is to say, no separate Legislature for each of these Provinces, as proposed by the new Coalitionists.

4. General legislation and Municipal legislation can cover all the wants of three millions or thirty millions of a population, if it should ever come to that.

5. We have now over a great part of British America, municipal government in excellent working order, and it can be extended wherever British laws and British population exist, to great advantage and with little trouble and expense.

6. Representation to be based on population—with the limitations which are recognized in England and here—that is to say, Upper Canada is now represented by one member to about every 20,000 of the inhabitants.— Let it continue thus represented, and all the rest of the Provinces in the same proportion. And whenever, upon the census being taken every decade, it should be found that any section should have 20,000 inhabitants more than at the last census, give that Province an additional member in the Lower House.

7. Give our Universities a representation in the Legislature.

8. Our Parliament to be for seven years or five at the least.

9. In making such great, and it is to be hoped lasting changes in our government, let the franchise both for municipal and general government be confined to holders of leases for five years and upwards, and all estates and interests in the lands above a term for five years.

10. The Upper House to have a limited

number of nominated life members, and no elective members.

11. The whole to be governed by a Vice-Roy, say for the present. The "Sailor Boy" Prince Alfred with a ministry based on the principles recognized in the British constitution.

12. To have privy Councillors, say two eminent men from each section who are not in the legislature or in the ministry, with whom in emergencies, consultations may be had by the Prince or the Governor, and not, as we have lately had, unofficial consultations with partisan politicians and outsiders, with no legal position as in the case of Mr. Rose and Mr. Brown during the late crisis.

13. The laws, peculiar institutions, and usages of each section can be protected so far as necessary by enlightened legislation at the start; also, by the separate Judiciaries which are now established in the different Provinces, and which must from the nature of things, be continued. Let Ottawa be the seat of the general government, with the fine buildings and conveniences already built which would be fit for a legislature for a people numbering 30,000,000 let alone 3,000,000. Substitute for the present debentures and indebtedness of each Province, the debentures or obligations of "British America," and I am sure there will be no difficulty with the creditors of the different Provinces.

14. The words "Federal" and "Federation" are absurd in our system of government, and should be once for all discarded by every Constitutional statesman.

15. There are many other details, unnecessary now to mention, but which I hope more particularly to refer to hereafter. These points I think must commend themselves to every man who has an interest in the progress and prosperity of this country, especially, I think must the question of "too much government" awaken attention to the results which always follows, viz.: "too much taxation." By the coalitionist scheme we would have the full grasp of taxation choking the energies of the country. We would have,

1. General government taxation.
2. Local government taxation.
3. Count Municipal taxation.
4. Township Municipal taxation.

5. School Trustee taxation.

Now instead of adding to the hand of taxation any more fingers we should cut off all we can, and diminish as far as possible the number of the talons that hold so tightly all 'too much' governed countries.

I for one, thoroughly and unmistakably speak out against the crude, ill-digested, and absurd scheme of the *Brown Federalists*, as I regard it a contemptible and unworthy subterfuge to escape the responsibility of schemes so completely impracticable as to be impossible—which Brown and his grit-followers have been urging in Upper Canada against all reasonable and moderate council as necessary for the salvation of the country. I am fully confident that the citizens and yeomanry of this country, now groaning under bad harvests and outrageous taxation, will not submit to more visionary schemes that can only result in increased taxation, without any corresponding benefit, or advantage whatever. Yours, &c.,

PAULI. TICKLE.

Toronto, June 29, 1864.

In the sixth clause of the above communication it is suggested that we should have one legislator for every 20,000 inhabitants. Estimating the population of Canada at 3,000,000 and the number of members in both Houses at 210 we have in round numbers one member for 14,000 inhabitants, and if we estimate only for the Lower House of 130 members it will be one to every 25,000 inhabitants.* We hold that one member for 30,000 inhabitants, in place of either 14 or 25 thousand, is ample for this country, and we know that these views are endorsed by the leading portion of the business men of Canada. That in place of an increase of representation we are sadly over supplied. That we have not enough competent men in the country who can afford to devote from their business sufficient time for the

*In the United States Congress they only have one member for every 120,000

duties required. The consequence is that a large number of seats are filled with unqualified legislators both as to property and talent, and with a further and sad addition of office seekers who do not make a living at home, and who are so low in financial reputation that they cannot on their own credit borrow money to pay their expenses to Quebec, without giving an order on their paymaster there for the amount, no man supposes such legislators can be any practical benefit to their country, nor would they go to the Legislature, except for the chances of bribes or for office. The proposition in the 7th clause may or may not be sound, that will depend altogether upon what principle and to what extent it would be conceded, we think it unnecessary.—Extending the Parliament from four to five or seven years similar to what it is in Britain would no doubt be a saving of money, and otherwise conducive to the interests of the country.

The 9th clause requiring every voter for member of Parliament to have either a title or leasehold for the term which the member is elected whether for four, five or seven years is one that would put our franchise upon a sound basis.

The suggestion in the 10th clause is that the Upper House be appointed by nomination, in what way or upon what system or principle is not stated. One thing is certain that a change will have to be made from the present electoral system, that if it were not for the life members now in that house the whole institution would be a complete farce.

The Upper House in our system of Government is intended to check rash legislation yet among the members elected to it at present will be found men who lack every element of the leading qualification necessary for

the position.

We think the members for the upper House should be nominated to it. That they should be selected in a fair proportion from the leading industrial and professional pursuits of the country say the six following classes, :

Agriculturists.
Manufacturers.
Merchants.
Physicians.
Judges.
Military.

They should be men who possess or have acquired a competence in their particular pursuits and possess those leading qualifications which fit them for the position, they should be nominated in a ratio based upon the relative number of the class they represent in the country.

The Judges and Military should not be nominated until they had fulfilled a certain term of service. The Judges might become the "law-lords" of the country before whom all appeals should be final, and thus avoid the necessity for, and the expensive appeals to England. The Judges we think should receive the same salaries that they would on the Bench, and other members the allowance usually paid.

We have not included the university, and we think that the Judges, Physicians, and Military as well as more or less of the other classes, who will be educated there will amply represent their interests. The gentleman connected with them are as a class unfitted for the positions of legislators they lack a practical knowledge of those questions which affect the prosperity of the Country. Their right opportunities for personal observation and acquaintance therewith disqualifying them, Goldwin, Smith, and others in England are a sample of what they would in their legislative ignorance and consequent egotism be

busyng themselves with to the injury of the Country.

The suggestions in the 12th. clause for two privy Councillors from each Province is, we think entirely unnecessary, that the advice contemplated could if necessary be safer and better secured from leading members of the Upper House. The principle, however should not be entertained for it at once conflicts with sound constitutional government. It is certainly a singular course for the Governor-General to advise with any other than those whom a majority in Parliament have chosen for his councillors and whose selection has been confirmed by their constituents.

If the Governor-General's Councillors in the late crisis did not request Messrs. Brown and Rose to have an interview with the Governor-General as cited in the 12th. clause, the course pursued by Messrs. Brown and Rose and by the Governor-General also, is one deserving severe censure.

The 13th. clause is unexceptionable and the opinion expressed in the 14th. clause is one that should be cherished in every loyal Canadian heart. The warning given in the 15th. clause that the inauguration of the system proposed would end in bringing the tax-gatherers oftener to the door is unquestionably correct. We have decidedly too many Legislative Assemblies in the land already and we know that in many places so far as Township Councillors are concerned they are looked upon as nuisances except as an organization to drain the people of their money, by increasing the taxes, which they have doubled in very many municipalities.

There are those who have sufficient faith in the leading lights of the present administration, viz. Messrs. Galt, Cartier, and John A. McDonald to believe that they are sufficient

ly practical to be able to organize a system of "Federation" that will be acceptable to the people, who must eventually endorse it to make it valid. Their ability may be great but just as able men in other countries have failed in legislation in consequence of trying to work out a false principle. No system of "Federation" is sound. There is a possibility under peculiar conditions and location, of a "Federation" of several colonies being useful and of long duration, but they are not the British American Colonies.

When the "Federation" of the United States took place, there was a great uniformity of position in their Agricultural, Manufacturing and Commercial interests, but as they expanded and sectional interests conflicted, the wedge was seen entering which has eventually divided them with the prospect of further severance.

In the case of these colonies there is no necessity to wonder if diversity of interest will arise, for they were in existence before the Union and yet remain, and in Lower Canada a further internal diversity of national and religious interests, which was the leading cause of their rebellion and finally led the British Government to secure its union to Upper Canada to thereby overcome the dominant faction of Lower Canada.—There is no question but that Union has been exceedingly beneficial to Lower Canada and to a wonderful extent harmonized Lower Canadian feelings and interests, and there is no doubt in our mind but that a further extension of the principle of Legislative Union would gradually extend and strengthen those harmonizing influences and that a "federation" would set the old questions as well as the new ones to fermenting and expanding until they would be all-absorbing. There is yet a great

number of leading national works stretching from the Atlantic to the Pacific to be constructed and enlarged, and it is yet, as it ever has been, the interest, in an anti-national point of view for Upper Canada to have the Georgian Bay Canal and for Lower Canada to have the Ottawa Canal, for Upper Canada to have the St. Lawrence Canals enlarged, and for Lower and Central Canada to have them remain as they are, for Lower Canada to have the Welland Canal enlarged for Upper Canada to have it at its present capacity.

If the General Legislature of the Federation should fail to please a particular member of it, who is to enforce obedience. The British Government? that would only add fuel to the fire and the last evil would be worse than the first. Let it be remembered that there are only two principles that can in any way bind nations or individuals together. Love, or a community of interest.

The United States furnish a sufficiently ample evidence of those points. It is likely that the parties planning this great "Federal" scheme will have checks and guarantees as provisional items in their system. But those who have not thought the matter over, may make up their minds that no checks can guide, or guarantees control any peoples and especially those of the Anglo-Saxon race—except they be from a community of interests.

The British Government entertained the idea of a Federation, to cure the ills in our body politic before it sent Lord Durham to Canada, but on further consideration it discarded the scheme. Some will no doubt fancy that because the British Government once entertained the idea it must now be worshipped. It is only theoretical individuals that will not see from the facts that we should also discard it now.

A Legislative Union is the only system through which the interests of the whole of British America can be harmonized, and those great national works be constructed which are of such vital importance for our pres-

ent and future prosperity. It would give a wider scope to thought and thereby drown those contracted ideas which cause so much bickering, discord and antagonism in Canada.

IMMENSE BANKING LOSSES IN CANADA.

In previous articles of this Review under the heads of "Our coming Commercial Crisis," "Canadian Currency," "Position of Canadian Banks" and "National Currency," we placed before our readers sufficient facts to satisfy every thinking man that under the present system of Canadian Currency business men were not safe in investing in our Canadian Banks, in placing dependance upon their promises to afford accommodation to their customers, or upon their ability to furnish either a sound or ample currency for the internal trade and commerce of the country. That under the system upon which the Canadian Banks have been organized they will be continually subject to almost overwhelming losses, and to save their own existence will from time to time crush out of merchantile existance very many of those who through their promises were led to rely upon them.

The conclusions come to in the articles referred to were the logical sequences arrived at from the ascertained facts of the system upon which they were founded, and the natural results of conducting their business upon these principles. We now have

the conclusions we arrived at, amply confirmed in the various annual reports of the Directors to the Stockholders.

To show that we have awaked a spirit of enquiry on this important subject, we will first give a letter from a "Stockholder" in the "Quebec Bank" who signs himself "A Member of the Board of Trade" in Quebec.

(TO THE EDITOR OF THE QUEBEC NEWS)

Sir,—In your editorial on "Banking" you say :

"The year 1857 may be said to have marked a new era among banking institutions in Canada."

You have, however, failed to show in what consists the "new era"—certainly not the statements of the Quebec Bank, referring to which you say :

"It is exceedingly gratifying to mark the steady prosperity which has attended it under the management of the last few years."

The difficulty stock-holders have always experienced in ascertaining the true value of bank stock, is as great now as before the year 1857, and will continue to exist until the Legislature obliges every bank, in its statements, to give the amount of *over due debts*.—With such a column, capitalists would be enabled to make a proximate calculation of the had or lost debts, and in this way know the value of the stock of

each bank. But to refer to the statement of the Quebec Bank. While I am ready to give credit to the Directors of the past year, for having honestly wiped off part of the bad debts "due to the operations of the Bank during the disastrous year of 1857, and in former." I cannot as a stock-holder, be blind to the fact that although the nett profits of the past year show $9\frac{1}{4}$ per cent. on the capital, the Directors have applied 6 per cent. of the present paid up capital to the extinction of certain past due claims—leaving the amount to the credit of profit and loss not as your editorial states, \$163,682 13—but \$66,677, 61. being about $4\frac{1}{4}$ per cent. This would be satisfactory enough, did not the annual report tell us that there are further bad debts. With reference to the balance we are told that "the Directors are glad to be able to express their hope that the unappropriated profits are now sufficient to provide for any loss to arise from them."

"The Directors of the Bank of Montreal congratulate the shareholders that the profits of the year have been sufficient to maintain the customary dividends." The "vest" of this bank is equal to 11 per cent. on the capital, but who can divine the amount of over-due, or bad debts, included in the twelve millions of dollars' columns, called "Notes and Bills discounted and other debts."

I intended to refer to the annual statements of the City and Ontario Banks, but I have already exceeded the space you can well spare.

A MEMBER OF THE BOARD OF TRADE.
Quebec, June, 1864.

The above letter shows that the year 1857 was not an isolated year of losses, but that "*in former years*" heavy losses were usual. It plainly shows that the premium at which Bank Stocks are placed are no indication of their value. That the Directors are unwilling or unable to furnish a statement of their business that can be understood by prominent, men even by a "Member of the Board of Trade of Quebec" who consequently is utterly at a loss how to make out the value of his property. There are

those, and a good many of them, who because it is Bank Stock and a certain price is asked for it, settle it as a fact in their minds that it must be worth the money, when the fact is the Stock-holder is ignorant of its value and don't know how to ascertain it. The plausible story of the Directors is simply a semi-sham to delude the Stock-holders that they are making money while they are losing it at a rate sufficient to startle a Rip Van Winkle.

Taking the state of the Bank as above furnished, we see that in place of a "nett profit of \$163,692" that the actual amount is only \$66,677 that almost \$100,000 out of \$163,692 of it is necessary to wipe off bad debts, which "Stock-holder" would be satisfied with if the Report did not tell us that there are further bad debts to wipe off, and he also informs us that they have been wiping off "bad debts" ever since 1857. There is unquestionably something rotten in a system of Banking which appears to annually take vastly more of the profits to wipe out the bad debts than is paid over to the Stock-holders as profits. Let us look at the *hopes* for the future.

The Directors are glad to be able to express their hope that the unappropriated profits are now sufficient to provide for any loss to arise from the bad debts.

That appears to mean that after taking about \$95,882 or $6\frac{1}{2}$ per cent of their \$1,449,290 of paid up Capital to wipe off bad debts with, they "*hope*" that they can pay the balance of the "*bad debts*" out of the profits.

The "Stock-holder is not of the opinion that any "new era" in Banking was commenced in 1857, that before, as well as then, and ever since, it has been one continual "era" of losses. There is no hope or probability under the present system of Currency as furnished for this coun-

try, that a new and more healthy era will ever commence.

BANK OF MONTREAL.

The Annual Report of the Directors of the Bank of Montreal is sufficiently remarkable to demand our consideration. We will introduce it to our readers by an extract from the remarks of the President in presenting the Annual Report of the Bank to the Stock-holders as reported in the *Montreal Gazette*, June 7th. 1864.

"The Chairman—Mr. Anderson—said that he was happy to be in a position to state that the report about to be submitted would be found very satisfactory. The dividends declared had been taken from the profits made during the year, and not from the Rest, as was the case last year. The Directors at one time entertained the hope that the profits this year would be sufficiently large to cover the \$100,000, taken from the Rest last year, restoring it to its usual amount, but in this they were disappointed, owing to some losses which had been experienced at some of the branch offices of the institution. He hoped however, to be soon able to inform them of the Rest being restored to its usual amount, and of appropriations being made from profits. The Report having been read, Mr. John Greenshields moved its adoption. He stated in doing so that the report was highly gratifying, he being particularly pleased to notice that they had not been obliged to take any portion of the usual dividends from the Rest account. He was happy to learn, too, that the Directors expected soon to be in a position which would enable them to restore the amount taken from that fund, as the safe and sound principle to follow was to declare dividends out of the actual profits alone. He could not at the moment sufficiently analyze the mass of large and important figures read to the meeting so as to check and compare them, but he had no hesitation in saying that the shareholders had every confidence in the management of the institution and could sleep easily on that score. With regard to the Government account he supposed it would be treated like that of any Mercantile House. Although very large and profit-

able he hoped it would involve no other connection than the usual business one between bankers and depositors."

We find the Chairman in presenting the Annual Report thinks it is "very satisfactory" from their being in a position to pay the usual dividend "from the profits of the year" because they do not have to take more than one fifth of it or \$100,000 out of other monies as they did last year. That satisfaction, however, has a disappointed side to it because they have not been able out of the profits of the year to replace the "whole or part" of that \$100,000, from this year's profits. The Chairman, however "hopes" that they will be able to replace it and to pay future dividends "from profits"

We would like to know what data there can be to suppose the stock of a Bank worth 11 per cent. premium that last year paid more than one fifth of its dividend out of borrowed money and that this year would have had to do the same thing had it not been for Mr. Holton the late Finance Minister of Canada who is said to be a large Stock-holder in the Bank and who happened to be in a position to transfer the funds of the Government from the Bank of Upper Canada to that of the Bank of Montreal with certain extra or other casual advantages as we learn from the Annual report of the Bank of Upper Canada which says:

"It was only on the 7th November last that Mr. Cassels ascertained from Mr. Holton what the requirements of the government then were, all allusion to the subject at previous interviews having been vague and undefined. He immediately addressed a letter to the Finance Minister, offering terms which Mr. Holton declined to accept, though more favourable than those which he subsequently obtained from the Bank of Montreal."

Mr. John Greenshields who moved the adoption of the Report of the Bank of Montreal stated that the

government account was "very large and profitable."

It is therefore plain that it was not from the regular, the ordinary, or from the legitimate profits of the Bank, that the dividends were this year paid, but in part from direct receipts from the Government account which were not legitimate, honest or patriotic, because the Bank of Upper Canada virtually says it would have done the Government business on terms, that would have secured to the country the amount pocketed through the extra and therefore illegitimate advantages bestowed upon the Bank of Montreal by Mr. Holton, and we further remark that if Mr. Holton thus bestowed extra and illegitimate advantage upon the Bank of Montreal, he violated his oath of office, and that from the fruits of perjury the Bank of Montreal in 1864 pays its dividends, and not from the profits arising from regular, honest and legitimate business. That had it not been for the casual advantages bestowed upon it by Mr. Holton at the expense of all Canada, and at the expense of all moral and political honesty, dividends of the Bank of Montreal for 1864 would have been partly paid, as in 1863, out of *borrowed money*.

It will be worth while to have a look at some of the profit arising to the Bank of Montreal from Mr. Holton's liberality. The amount furnished by the Bank was \$1,500,000. In the correspondence between Mr. Cassels and Mr. Holton, Mr. Cassels wrote Mr. Holton that the Bank of Upper Canada would furnish the \$200,000 of Exchange required by the Finance Minister at the usual rates. The balance or \$1,300,000 we must naturally conclude was furnished in notes or *Due Bills* of the Bank of Montreal. There appears no doubt but the government pays the 7 per cent allowed by law, for Mr. John Greenshields in moving

the adoption of the report says "With regard to the Government account he supposes it would be treated like that of any Merchantile House."

1st. The Bank of Montreal takes \$1,500,000 of Government debentures on interest, and pays on them \$1,300,000 in its *Due Bills* that do not draw interest, which at 7 per cent realizes a clear profit to the Bank of \$91,000 which as it does the Government business on the same terms as "any Merchantile House" it pockets in advance.

2nd. It furnishes exchange to the Government for the payment of interest in England for which in 1862 Government paid about \$21,000.

3rd. Mr. Galt in his financial Exhibit states that \$700,000 or nearly one half of the \$1,500,000 had not yet been used. Interest on such deposits are estimated as worth 5 per cent or \$35,000 per annum. Why Mr. Holton borrowed and paid interest on one half more Bank of Montreal *Due Bills* than the Government could use is not stated. From some remarks of Mr. Galt we judge he at one time intended to expose the rascality, but he got over the fit when Mr. Holton proposed to help him increase his excise on whiskey.

4th. The Bank of Upper Canada received its own Bills and those of other Banks at par on Government account. The Bank of Montreal not only refuses to take those of other Banks but refuses to take its own at par unless they are tendered at the office from which they were issued, and thus shaves the public on its own notes, makes a handsome sum by a system of "*Sweating*" that would have staggered a Jew.

5th The receipts on Government account are all gold, a large portion of which the Bank can pay for in its own otherwise worthless *Due Bills*. The amount thus paid in 1862 was in round numbers \$7,000,000 a large

portion of which it can sell as exchange to importers. There is besides a continually large amount of deposits on hand which are estimated at 5 per cent. Now if we leave out the immense advantages derived by the latter items and take the

Interest	\$91,000
Exchange	21,000
Value of \$700,000 on interest	35,000
	<hr/>
	\$147,000

Of taxes Canadians pay to the Bank of Montreal. Is it any wonder that Mr John Greenfields assures us the amount is large and profitable and that we come to the conclusion, that if Mr. Holton had not happened to be the Canadian Finance Minister, the Bank Directors would not have had the pleasure of paying the Dividend out of the earnings, but as last year would have had to pay from one fifth to one third of that dividend from borrowed money. The following is from the Director's Report:

"The Directors congratulate the Shareholders that the profits of the year have been sufficient to maintain the customary Dividends, and at the same time to provide liberally for bad and doubtful debts.

The Directors having entire confidence in the will and ability of Canada to meet all its engagements, were glad to have it in their power, from the resources of the Bank, to meet the views of the Provincial Government, by purchasing these securities at a period when it was deemed inadvisable to resort to the London market.

The Directors have given much consideration to the position of the Bank's business, and Banking prospects generally in Canada. The experience of the past few years has proved the difficulty of paying Dividends at the rate of eight per cent per annum, and at the same time making a faithful provision for bad and doubtful debts, they are persuaded that the maintenance of the usual return to the shareholders will depend hereafter more upon the comparative freedom from loss than upon

any probable increase of Profits.

Several changes in the management of Branches and Agencies have been made during the year with a view to obtain greater efficiency, and a more faithful adherence to the conservative policy that has now been adopted; and the Directors trust if no unforeseen contingency arises to interfere with the Bank's business, that the effect of these changes will be shortly manifest, and that the hope of a satisfactory return for the current year may be reasonably entertained by the shareholders.

LIABILITIES.

Capital Stock	\$6,000,000
Circulation	2,576,649
Deposits	7,796,453
Dividends unclaimed	36,507
Half-yearly Dividend due 1st.	
June 1864	240,000
Rest	700,000
Balance of Profit carried forward	7,288
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	\$17,356,898

ASSETS.

Gold and Silver Coin on hand	\$1,944,293
Government Securities	2,629,066
Balance due by other Banks	15,251
Notes and Cheques of other Banks	374,107
Bank Premises at Montreal	
Banks and Agencies	387,771
Notes and Bills discounted and other Debts due to the Bank of Montreal not included under the foregoing heads	12,006,408
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	\$17,356,898

T. B. ANDERSON
President.

We have given the above reports of the Bank of Montreal more fully than we could well afford space for, because the whole face of it shows that the losses of that Bank are fearfully great, so great that last year it had to take out of what it calls its "Rest" to pay one fifth of its dividends, and this year if it had not had the Government account from which as shown it must have received \$147,000, it would had to take from one fifth to one third of its dividend from that same Rest. Let the read-

er remark here that the so called "Rest" is altogether an imaginary institution of the Bank, it has no more real existence than the "man in the moon." They do not give it in their sworn statement to the Government for it does not exist. They may say it stands in their account a distinct item and that they have a balance of \$7,288 besides. If a man in business has a reserve fund to fall back upon in case of need it is supposed to be deposited somewhere distinct from all his other transactions, suppose he depends for a living upon Bank Dividends and the Bank fails, he has deposited in some other Bank or has Government securities in which he has invested to form a Rest or resource in time of need. It would have a distinct location. Is the \$700,000, of the so called Rest, of the Bank of Montreal, thus invested in Government funds distinct from the Government securities it professes to hold, if not, the so called Rest is a delusion and a snare, if it was thus invested it should and would appear in its sworn to, assets.

Moreover they say they have provided liberally for "bad and doubtful debts." They admit a "liberal provision" is required but where is the fund. They give their whole assets and yet show no such fund, it is a myth. The "Stockholder" has been looking at the immense amount of debts due the Bank, equal to one-fifth of our national debt and with good reason asks, "*who can devise the amount of over due and bad debts included in the \$12,000,408 called Notes and Bills discounted and other debts of the Bank of Montreal?*" There is not a business man or Lawyer in Canada that would undertake to collect \$11,000,000 of it, further, *there is not that much money in all Canada.* The Bank itself in its statement above given, which by the way is almost \$300,000 more favourable to the Bank than the

one they made to Government only seven days before—only had \$1,994,293 to pay \$10,649,609 more than \$6,000,000, of which it is liable for on demand, and the balance on short notice. It is clearly evident from the foregoing facts that the \$700,000, they call a "Rest" is far less than the amount of their "bad debts" resting in a sleep from which the Directors cannot awake them." That their liberal provision for "bad debts is a myth" and that when they pay dividends out of *the* "Rest" they are paying them out of the Deposits in their possession not on interest, and that as we remarked in a previous number they are living on the interest of what they owe, and we now farther see that if it were not for the Government aid unit, the Bank of Montreal would this year as in the last be eating up those deposits at the rate of \$100,000 a year, can such a process of making money last forever; and we tell the Directors and Stockholders of that Bank and every Bank that if that is what they get in the green tree what may they not expect in the dry, in other words if these are the results in comparatively prosperous times, what may not be expected during the commercial crisis into which we are now rushing headlong, through our immense over importations.

We have thus partially, only, dissected the annual statement of the Directors of the Bank of Montreal that all interested may have their attention directed more particularly to Bank statements, and that the glorification of the Directors of the Bank of Montreal by them selves, for having had a tirade and need in the "will and ability of Canada to pay them" \$1,500,000 when no body else would trust it, although it has \$460,000 of assessable property, and more National property than is sufficient to pay all its liabilities, besides; common sense would have dictated

to them to be satisfied with the enormous pickings through the transaction, without thus insulting the people of Canada, after their credit had been so injured by the partizan Stockholder of their Bank who secured them the use of the Government funds. They further say that they furnished the Government out of the "resources of the Bank," which as Directors they have so well managed.

If a monied man places a \$100,000 in a merchants vault to be safe against fire or robbers and the merchant who received it should purchase Government debentures, with the money, and should then say he had paid for it out of his own "resources", would there be a word of truth in his statement, yet that is the kind of "resources," used by the Bank of Montreal in its purchase. Again if the Government should only use about one half of that \$100,000 and place deposits with the merchant that would on the average about balance against the \$50,000, it used, it would be the "resources" of the Government that the money was furnished from. The merchant like the Bank of Montreal would be purchasing Government debentures which draw interest, with Government funds that it pays no interest on. The Bank also had an advantage that a merchant would not have for the Government took its "Due Bills" that were no use to the Bank, in place of the gold it deposited, and the Bank sold the gold at a profit to importers to pay for foreign goods with.

Any one can see from the above that Mr. Holton was financing for the Bank of Montreal, and not for Canada.

That he was scheming to enable the Bank of Montreal to pay dividends out of the profits it thus made off the people of Canada, instead of out of the deposits, or other peoples money as it did last year, and yet one half of the members of Par-

liament of Canada were anxious to retain his peculiarly advantageous services. Well may Canadians turn away in utter disgust as they contemplate the inefficiency of their representatives the rotten system of Bank and Government financing in vogue, and ponder over the vast amount they are taxed to indirectly pay Bank losses or make up Bank dividends, and wonder if there is no remedy, that in all the legislative wisdom of the land there are so few that see the imperative necessity for a change. There is yet one other item which helps the Bank of Montreal, and that is the profit on the notes or Due Bills which it lends. In round numbers they amount to \$2,500,000 and the net profit to the Bank from that source is about \$100,000 a year, which the people of Canada annually pay the Bank of Montreal for the currency it furnishes, and which they will have to pay until they secure a National Currency similar to that we have suggested.

The Ontario Bank this year had to appropriate "\$30,000 to write off bad debts," If there was to that added all they might as well write off, it would startle some of the Stockholders. The "Member of the Board of Trade" of Quebec in effect says that he will give information in regard to it, and the City Bank also, which will show, as he did of the Quebec Bank, that their losses are for more serious than their reports indicated.

BANK OF BRITISH NORTH AMERICA

The following statements from the report of the annual meeting of the Stockholders of the Bank of British North America in London—England --shows that its losses in Canada have utterly discouraged them.

"They had discovered that the sum of £10,000 would be required to meet the estimated loss resulting from the depreciation of their *property securities*."

"The business of Canada was not

worth pursuing, looking at the miserable amount of deposits." "The greater portion of their capital was to be removed from Canada to other places where a higher rate of profit could be obtained."

The Bank of B. N. America has discovered a "depreciation of £10,000,—or about \$50,000—in its property securities alone. It is pertinent to ask why Canadian Banks have not yet discovered the amount of the depreciation in their "property securities."

If it had only been the depreciation in the *property securities* the Bank of B. N. America would not have decided to remove their Capital from Canada, but that is only a small portion of the depreciated securities contained in the \$5,636,646 set forth under the head of "Discounts" and "\$225,966 of other debts due the Bank." The next complaint is the "miserable amount of deposits" which amount to \$2,053,807 on a capital of \$3,017,333. One thing is certain, if they consider the amount of deposits are small, the Bank has made full use of them, for extraordinary as it may appear its monthly statement of May 31st shows that it has loaned within a fraction of \$600,000 more than the whole amount of its capital and deposits put together, and has besides \$807,578 of Bills in circulation. Their losses and the miserable amount of deposits has at all events determined them to remove the "*greater portion of their capital from Canada.*" We wish them all prosperity in their efforts to find it in Canada, they have forgot to notice that all the Banks in Canada, with their own, have not money enough to pay its deposits and replace its capital, they have forgot to notice that they have only \$640,796 in money to redeem their \$807,597 of bills in circulation, and that besides they owe \$729,136 for deposits not on interest.

A Bank without *money capital*

ceases to be a money Bank. The Capital brought to Canada by that Bank, all its deposits on interest, and nearly \$100,000 of its deposits, not on interest, have been sold to go to England to pay for the goods imported into Canada, and when the Directors want to find it they may as well look for it in their own Country, to which it has been sold and removed in advance of their calculations.

The expressed intentions of the Directors to remove their capital is a warning to their customers that they should not depend upon it any longer, and if they do not pay up promptly they may expect to have a visit from the Sheriff. The Bank of Montreal is going to pursue a more "conservative policy" which simply means that they too intend to contract. The City Bank is closing up some of its offices and thus pursuing the same course. "Other Banks are changing the managers at various Banks and Agencies so as to cut off their customers whom they have financially bled of their strength, and we have before us in the facts cited a deepening of the shade of the approaching night of commercial disaster and ruin, when the bottom will be found to have disappeared, as it did during the last commercial crisis, when the Banks will be sweated in return for all they have sweated out of their customers.

To show that in the coming crisis the Banks will reckon not, to ruin their customers to save their own existence, we can give an instance cited to us of a party in this city, who had endorsed heavily for his friends to a Bank above referred to, and had to pay their notes, finally one of several thousand dollars had to be met, the endorser offered to pay one-third of it down and the balance in two short payments, the offer was promptly refused by the manager, the party thinking it rather hard treatment after meeting all former notes in full,

took up his money and renewed notes and told the manager he would see if the Bank would not have to pay its debts also. He well knew it was utterly out of its power, the manager knew the party well enough to know they were no idle words that had been uttered, therefore promptly asked him to call the next day when he renewed the note in full without being asked. The Bank was as hard up and harder up than the man who wanted a favour of it, yet it wanted an impossibility of him. Its own financial existance was at stake. Although one of the safest Banks in the country it was then pressed within an inch of its life for a few more drops of financial blood.

We have long been satisfied that nine tenths of the business men of Canada are safer, have better and more reliable assets than our Banks, and yet that the Banks are in a position to break nine tenths of them. And that that unhealthy condition of monetary matters in Canada is the result of the false system of currency with which the country is cursed.

We warn all those who are placing any confidence in the promises of the Banks to give them any accomodation during the increasing pressure for money, to ponder upon those Bank charges made and making.— Were it necessary, we could give them striking instances of first class merchants with the most reliable paper who cannot even now, get the Banks to fulfil the promises made them. What then will the prospects be when the pressure for money increases.

The Quebec Bank during the last seven years has been eating up its Capital at the rate of one per cent. per annum. The Upper Canada Bank has been doing the same thing for forty years. The Bank of B. N. America is getting frightened at its losses. The Bank of Montreal with the Government account to help it

is afraid that it will be unable to keep up its dividends, and we fear as indicated in the *letter* we have inserted as well as from the general facts, that they are not the only Banks in Canada that are eating up their capital, and that if Mr. Cassels had the sifting of their assets, he would find as he did in the Bank of Upper Canada, that in many of them an annual average of one per cent on the capital invested was sleeping in the arms of a perpetual "Rest."

Until we have a National Currency similar to that we have proposed which will put industry on a sure basis there can be no sound investments in this country.

No people with our Currency and our over importations can ever prosper, periodical floods of ruin will sweep away the fruits of their labour, and destroy their credit at home and abroad. It is as much to the interest of the Banks as to all others in the Country to have a National Currency for neither Banks, merchants, manufacturers, farmers or any other class in Canada, can with our currency do a safe business, for all will continually be subject to periodical losses which like Pharaoh's lean Kine will eat up all the fat ones that preceded them.

GOLD PAID BY CANADA TO THE UNITED STATES

From a work published to show the whole trade between Canada and the United States we find that "The total balance of trade *in favour of the Americans* in all goods coming and going is \$35,554,836, and that immense amount we paid in Gold, no wonder there is not five millions of Gold in all our Banks put together, yet notwithstanding that *seriously* unfavourable balance against us

which has drained the Banks of gold, the Directors of the Ontario Bank hope and believe the Reciprocity Treaty will be renewed, or that another may be agreed upon that will *prove equally beneficial to both countries*. The Toronto Leader for May 30th. says "We submit that Mr. Galt has saved the Reciprocity Treaty which, whatever may be its advantages to the people of the Federal State, is *undoubtedly of benefit to our farmers.*"

If it is beneficial to our farmers to have all the gold drained out of the country the Leader is right, and as the Leader thinks it such a benefit to have all the money we can earn or borrow taken out of the country, it will probably be a satisfaction to it to be further informed that we bought over \$12,000,000 more, that is not stated in the above amount and paid for it in Timber and Lumber, which is to us the same as gold—which if it had not been for the Reciprocity Treaty the Americans would have had to pay us Gold, for we paid them in what we can never re-produce for their farm produce that they can re-produce every year. The Leader's opinion in the matter and that of the Directors of the Bank of Ontario are about on a par with those in the Globe which can be found on the 152 page of this Review, that "to get the *balance of trade in our favour would involve us in ruin.*"

It will not be amiss to here refer to another matter, in connection with that loss of gold from the Banks and the country.

The Banks are drained so close that they dare not lend their notes for lumbering purposes because they would come back to be redeemed long before the lumbermen can possibly make a return. When we consider the extent of our lumbering interest, this, from a National point of view becomes a very serious matter, for the lumberer has to procure his money through advances from England. Those advances are procured here through the agent of some firm in England. The lumbermen at first pay at least seven per cent interest on the money, and then pay the agent referred to seven and a half per cent

commission for the term agreed upon and if he is so unfortunate as to be one day behind the date his note comes due he has to pay the Agent seven and a half per cent more commission besides the usual interest. We suggest to those Banks that say they do not know what to do with their money, or how to employ the immense amount of deposits they profess to hold; to furnish our lumbermen with money at seven per cent, in place of at from fifteen to twenty one per cent as they now have to pay. Their inability to furnish the immense lumbering interests of Canada with funds to be paid out for labour should be sufficient to satisfy Canadians, that the complaint of the Banks of inability to use their funds, is all gammon, and the monthly Statements, that we give, show that they have no funds, that all their Capital or Gold \$27,344,600 and \$18,335,025 of their \$23,312,572 of "deposits" or gold, have been sold to the importers of foreign goods, and been shipped off from a country where it brings from ten to forty per cent interest, to one where it is worth on the average only from three to four per cent. Cannot thinking men, and business men, open their eyes to the fact, that those commercial transactions and such a system of National commerce and International trade, will most assuredly crush the industry of any Country.

We have virtually furnished the United States during the first eight years of the Reciprocity Treaty with nearly \$50,000,000 of gold, an amount almost as large as our own National debt, and our population follows it. We feed the States with gold, and our Country has become a breeding ground to supply it with people to use that gold in increasing their national wealth, and yet our Free Traders don't understand the reason although it stands out as plain as the nose on a man's face, and our Legislators go hunting from Dan to Bersheba and get up long debates and useless committees to enquire into the reason. The reason is all before them, just beyond the end of their noses, but the laws of *cause and effect* are lost upon them, they see the effects but to admit the cause would destroy their theory, they prefer the ruin of themselves and Country, to adopting a system of Protection, of Homesteads, and plenty of money.

There is only one way to remedy the evils which crush the industry of Canada, and that is for the business men of Canada to write to the Member or Legislator in each House for the County and Division in which they live, and say to them that our Semi-free Trade and

the system of currency which we possess must be remedied, and that if they cannot see the way to do it, men will be found, at the next election that will have some knowledge of the industry of the Country and of the measures necessary to secure its prosperity.

MONTHLY AVERAGES OF THE CANADIAN BANKS.

	Capital	Discounts	Specie	Circulation	Deposits
Dec. 31st	\$26,982,180	\$41,721,784	\$6,512,057	\$10,515,141	\$22,549,225
Jan. 31st	27,079,562	43,021,262	5,831,994	10,981,726	22,119,088
Feb. 29th	27,149,276	44,234,999	5,105,917	10,889,302	22,284,096
March 31st	27,270,074	45,997,736	4,274,913	10,332,350	22,490,305
April 30th	27,313,732	46,316,878	4,644,811	9,629,533	22,055,830
May 31st	27,344,600	45,868,629	4,917,583	8,947,924	23,312,628

We commence in this number to give the monthly averages of the Banks for each month, that business men may have them convenient for comparison and reference.

The deposits "on interests" and those "not on interests" are added together, there is generally from \$500,000 to \$1,000,000 more of the deposits bearing interest, than of those not on interest.

By adding the "circulation" and "deposits" together, and comparing them with the amount of "specie," we will have a clear indication of the strength of the Banks from month to month. The Banks are liable on demand or short notice for the whole of their circulation and deposits. The last monthly statements shows that they are only able to pay on demand about one dollar for every \$6,50cts they owe, they have \$5,112,114 of Government securities which

stand against deposits on interest; if those are deducted it would show them able to pay about one dollar on demand for every \$5.50. of liability. If we add the Capital and Deposits together we have \$50,657,228 Deducting the Specie 4,917,583 it will be found that the balance \$45,739,698

has been sold by our Banks to the importers of foreign goods. Should a money Bank in a country, which it desires should only have a Gold Currency, complain that the notes due it are not paid when it has gathered up and sold to go to foreign countries, forty five out of fifty millions of gold that the country possessed. The requisitions they make of their customers is worse than that of the Egyptians upon the Israelites. The Israelites could get straw by going for it. The Banks sell the Gold beyond the reach of Canadians.

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