

STATEMENT PER HEAD OF DEBTS OF ALL THE PROVINCES.

Canada	\$20.50 per head
Prince Edward Island	85 per head
New Brunswick	20.00 per head
Newfoundland	5 per head
Nova Scotia	15.50 per head
All British North America ..	19.00 per head

The account is correct within a very few cents for Canada--the Sinking Fund being about equal to the adverse Bank Balance. Also for New Brunswick and Newfoundland. In Nova Scotia, the construction of New Railways is rapidly increasing the debt to the same amount as in Canada. In Prince Edward Island the "unpaid warrants" ought to be added, but even then the amount would not exceed \$3 per head.

The best gauge of the pressure of debt is however not its amount but the interest paid upon it, for which see the preceding statements of "Revenue and Expenditure."

BANKS

CANADA.

The Banking system of Canada has hitherto been very simple. It has been the custom of the Legislature to grant charters of incorporation to any persons of good character and standing who apply, giving them special privileges, among others that of issuing Bank Notes as a circulating medium. These are not a legal tender, but as the Shareholders of all the Banks (except the Banque du Peuple and the Bank of British North America) are liable for their redemption to twice the amount of subscribed stock, and as they are redeemable in gold on demand at the place of issue, they have been held by the community in equal estimation to gold. Until the last Session there was a Free Banking Act, under which any Joint Stock Association, after investing a certain capital in Government Securities, and receiving therefor Notes registered by the Official Register, could begin business as a Bank. The Free Banks, however, which came into existence under this Statute, did not stand before the competition of the chartered institutions; they gradually discontinued business, and the Act is now repealed except as it relates to the Bank of British North America, which continues to avail itself of its provisions, to enable itself to issue Notes of small denominations, which it cannot do under its Imperial Charter. The Chartered Banks are obliged to hold ten per cent of their paid-up capital in Government Securities. They make monthly returns to the Auditor of Public Accounts of their various Assets and Liabilities, and pay duty half-yearly at the rate of one per cent per annum on the amount by which their average circulation exceeds the combined average of Specie and Government Securities they possess during these half-yearly periods. The Bank of Montreal, availing itself of the Currency Act introduced by the Minister of Finance during the last Session of Parliament, has surrendered its right to issue its own Notes, which will be gradually withdrawn from circulation, and has, as Agent of the Government, commenced the issue of Provincial Notes, which are a legal tender throughout the Province, but are redeemable in Gold at the offices of the Bank in Toronto and Montreal. Banks are allowed to discount Notes of individuals, charging not more than 7 per cent interest therefor; they may also charge a commission on Notes made payable elsewhere, not exceeding one half of one per cent on a three months' Note, and less on those for shorter periods. These notes are required in practice to be endorsed by a second party, and the Banks may take securities for their payment on real estate or other property.

The shares of the Banks are usually held above par, the rates being regulated, to a great extent, by the amount of their reserves; and with little exception the Banks pay very large dividends of from 6 to 8 per cent. This system has worked, in the main, to the satisfaction of the Bank Shareholders and the public. All new Banks, however, to be successful, must be based on a proper financial footing, for the history of several weak Banks shews, that unless supported by actual capital, they cannot last. Thus the Zimmerman Bank no longer exists; the Bank of Western Canada was wound up in 1860; the Bank of Brantford withdrew from business in 1863; while the International and Colonial Banks disappeared after a short "run" in 1859, the former with \$119,021, and the latter with \$75,300 in circulation by their latest returns, a large portion of which was a loss to the public. For a cognate reason the Intercolonial Bank (Limited) withdrew from business in the beginning of 1865. On the other hand five new Banks have been successfully established since 1860, and several others are in process of organization. The Bank of Upper Canada closed its doors on 13th September, 1866. It was encumbered with the consequences of reckless management in former years. It is not yet known whether the Directors will endeavour to avail themselves of the sixty days allowed by their charter for the resumption of specie payments, or put the affairs of the Bank into liquidation. It is however probable that it will be found necessary to adopt the latter course. All Bank Charters terminate in 1870.

The statements which follow show,

I. The amount of the paid-up Capital, Circulation, Deposits, Specie and Discounts of the whole of the Banks since January, 1861, (5½ years).

II. The amount of the shares of each Bank, the amount paid on such shares, the rate of dividend for the past six months, and the market value of their shares at the same date.