have certified checks for them at the day they become due." It is remarked, very justly, "that this would save all the trouble of running about to pay them, as also all difficulty in finding any one of which he (the payer) had failed to receive notice." The suggestion deserves consideration by our traders, and we propose to devote further space to the topic. We quite concur with our cotemporary that the practice of sending bank notices on open slips of paper, without any cover, is objectionable. The cost of cheap envelopes, or notices made to fold up, like a letter and wafered, would be so trifling that Bankers would do well to meet the views of their friends by thus securing trade secrets from needless exposure.

THE DANGER OF INFLATION.

The wise in such matters assert that every country is subject, periodically, to commercial inflation and collapse. Some have maintained that these periods occur in regular decennial rotation, and they point to the crises of 1837, '47 and '57, as proofs of the correctness of their assertion. The fact that the commercial character of 1867 was not startling or exciting is against this theory; but it may be worth while, nevertheless, to enquire, in view of the large expenditure of capital now being made in Canada, whether dangerous inflation is likely to be produced thereby.

Some few months ago we alluded to the prosperous condition of the country as evidenced by the rapid increase of bank deposits and the abundance of money. The banks of Ontario and Quebec then held $50,000,000 on deposit, and there was not a city or town, and scarcely a good sized village, in which money was not advertized to lend at moderate rates of interest.

The effect of this state of financial matters, in conjunction with the expenditure going on in connection with railways and other public undertakings, has been plainly visible during the past summer, at least in the Province of Ontario, not to speak of business generally, which has been healthy and profitable. We have never noticed such activity in building. Toronto has made rapid progress in this respect this season; but it is not an exception, for in nearly all the towns of the province new buildings have gone up in great numbers. We never knew so large a demand for masons, bricklayers, carpenters and laborers. Contractors found themselves unable to procure as many as they required, and wages, consequently, rose considerably above the average. In some places $2.50 and even $3 per day, were paid to masons, who, the previous season, would have been contented with from $1.75 to $2; and a considerable increase also took place in the wages of the other classes referred to. In consequence of this advance in wages, and other reasons not necessary to specify, we think we are safe in estimating the increase in the cost of erecting buildings during the past summer, at twenty five per cent.

All descriptions of real estate have manifested an upward tendency. Two or three years ago transactions in town and city property were exceedingly slow and unprofitable. But during the past year it has clearly risen in value, more transactions have taken place, and better prices have been realized than it was possible to obtain for several years past.

We have already these results before us, but the large expenditures about to be made on public works have only well begun. During the next five years, many millions of capital, most of it from abroad, will be expended. We are now fairly launched into our second great era of railway construction. Before we are through with the Intercolonial railway, the Great Southern, the Western Loop Line, the Narrow Guage roads, the Wellington, Grey and Bruce and other projected railways, not to speak of the improvement of our canals or opening up communication with the Province of Manitoba, probably not less than $50,000,000 will be scattered broadcast throughout the country. Such a profuse expenditure must inevitably exercise a most stimulating effect upon business, and upon prices in all sections of the country.

We do not expect anything like the commercial inflation which took place in Canada in 1856-7, and which ended in such a fearful collapse. We think the people are too wary to soon fall into such a trap a second time—at least we feel convinced that the spirit of wild and reckless speculation which then existed will not be witnessed again so long as any large number of those who passed through that crisis control the business of the country. One such fearful lesson is enough in a life-time.

But while not fearing a repetition of the commercial excitement of 1857, we regard a slight inflation, during the next few years, as inevitable. It was immediately after our first large expenditure on railways that the spirit of speculation ran away with the common sense of the business community; and although warned by the lessons of that memorable period, in the very nature of things the large outlay now going on in the construction of public works must produce some of the previous symptoms. The past summer has, to the close observer, furnished some evidence to support this view, and it will we feel assured, become more and more apparent as the railway expenditure goes on.

Up to 1875, at least, we may safely calculate upon a period of increased business activity. Unless our crops should fail in some extraordinary manner, we consider this result comparatively certain. We have entered upon a period which will be marked by rapid growth and prosperous development, and it is fortunate it has occurred so soon after the foundations of the Union of British America have been laid. It will cement and bind the fabric of the Dominion into a compact whole, and will attract the remaining provinces into the Union as surely as the magnet attracts the needle. Its close will find Canada richer, stronger, and more prosperous than at any former period.

BANK RETURNS FOR OCTOBER.

The official Bank return is as follows for the last month.

Banks of Ontario and Quebec statement to 31st October, 1870.

Authorized capital	$39,466,666
Paid up capital	30,244,743

LIABILITIES.

	October.	September.
Circulation	$17,960,285	$16,508,510
Due to other Banks	2,137,298	2,535,801
Deposits not bearing Interest	17,663,835	16,669,490
Deposits bearing Interest	30,749,080	30,603,429
Total Liabilities	$68,510,498	$66,317,230

ASSETS.

	October.	September.
Specie & provincial notes	$12,445,916	$12,612,992
Landed or other property	1,645,558	1,638,336
Government securities	5,364,183	5,405,877
Notes of other Banks	2,633,379	2,354,847
Due from other Banks	10,898,427	11,847,406
Notes discounted	70,466,325	66,770,521
Other debts	2,098,912	2,095,773
Total Assets	$105,552,703	$102,725,756

The above statement does not include the Provincial notes in circulation, we therefore append the following, which shows the gross amount of notes in the hands of the public at the close of the months October and September last:

	31st Oct., '70.	30th Sept., '70.
Bank notes in circulation	$17,960,285	$16,508,510
Provincial notes	7,430,334	7,313,403
Total circulation	$25,390,619	$24,821,913

The following statement of the official bank return, for the year 1864, will give very striking illustrations of the enormous increase in the financial interests and strength of this country, and which we have no doubt will be in still higher proportion in the next six years.

Banks of Ontario and Quebec Bank returns, October 31, 1864:

Authorized capital	$43,166,666
Paid up capital	27,696,350