

plain inference is that the amount shown as the total of bank notes outstanding in the government statement, though strictly accurate so far as it professes to show the total of outstanding notes of the individual banks, is higher by some millions than the actual amount of bank notes in the hands of the public. Therefore, the margin shown above, between the note circulation outstanding and the capital paid or authorized circulation, does not represent the whole of the leeway that the banks can use. In addition to it there is to be reckoned the supplies of other banks' notes held in the vaults of a number of institutions as currency reserves. On the other hand, of course, there is to be a deduction made from the margin as shown, because all the banks with a large number of branches are habitually careful not to permit their note issues to approach too close to the limits for fear the heavy fines provided by the Bank Act for over-issues might be unwittingly incurred. But the deduction thus to be made should not exceed a million and a half or two millions at the outside.



RAILROAD CONSTRUCTION IN ONTARIO.

Some notice has already been taken here of the letter signed "Ontario," that appeared in the London "Economist" of 22 December, warning British investors against subscribing for the stocks and bonds of the many subsidiary lines now under promotion and construction in Old Ontario and Quebec. The writer of this letter, which is dated from Toronto, claims to have had over 40 years' experience and knowledge as to the railway traffic and the resources of Canada, and, though he does not sign his name, he enclosed his card and gave English references to vouch for these claims.

Singularly enough, almost at the same time as this letter became public, the Toronto "Globe" came out with a long article describing the benefits and advantages that are expected to follow the building of the very lines of which "Ontario" disapproves. There is thus the opportunity of viewing the question from the two opposing sides. First of all it should be observed that "Ontario" writes in a tone calculated to create the impression that he has an interest in some of the older lines—possibly the Grand Trunk. With part of what he says nearly all Canadians will be heartily in accord. For instance, the following: "any encouragement to railway extensions in that vast fertile territory west of a line drawn through Port Arthur appears to be in the interest of sound policy and future good results"....."The route for the Transcontinental Railway, Winnipeg to the Atlantic Ocean, as selected, will, I consider, give excellent traffic results in the near future, as it will open up a new territory known to be rich in timber

and minerals, as well as large sections available for agriculture." Yielding a full acquiescence in these sentiments, the more careful and conservative of Canadians will also be disposed to go perhaps the whole way with him when he says, "The proposed extensions from Sudbury, or any other similar point, to the Hudson or James Bay, require very careful consideration, to say the least, and will be in the nature of an experiment, from the best information now at hand."

But when he goes on to denounce the construction work planned for that part of Ontario lying immediately north of Lake Ontario, few people here will agree with him. He condemns particularly the proposed line from Belleville to near Toronto, the two lines from Sudbury to near Toronto, and the proposed Canadian Northern branch lines along the North Shore of Lake Ontario. The first named proposition, he says, is "evidently prompted more by a spirit of revenge than by a businesslike interest in its shareholders." This is a drive at the Canadian Pacific, for it is that company that is furthering the line. The lake towns, Belleville, Cobourg, Whitby, etc., are overjoyed at the prospect, because it relieves them from the Grand Trunk monopoly. The manufacturers and business men in several towns along the lake and river have already been notified of reductions in freight, something which they had no hopes of getting when the one railway had the field to itself. As the "Globe" points out, the lower freight rates tend to induce capitalists to establish new manufacturing plants and thus to increase the quantity of freight offered. And it is well known that a new railway creates traffic in other ways. With regard to the new C.P.R. lines in Ontario, most observers here recognize that they were a necessary corollary to the Grand Trunk Pacific scheme. While the C.P.R. was the only Canadian transcontinental, it had, of course, practically the whole of the all-rail eastbound traffic, and it had a great deal of westbound traffic originating from Grand Trunk points in the East. Obviously it stands to lose this latter as soon as the new highway is ready for business unless it can extend its system to cover the points which furnish the traffic. Hence its activity in extending its Ontario system. The spirit of revenge may indeed be present, but it is not at all probable that it is the chief actuating force. The main idea is to provide itself with west bound traffic to counterbalance as far as possible the eastbound stream, made up of grain, cattle, etc. Therefore, the several Eastern branches now being built cannot very well be treated separately in regard to their earnings; they must be considered as feeders for the main part of the system connecting the two oceans.

The same line of reasoning applies to the Can-