

banks, and yet it provides safeguards that amply protect the depositors and noteholders. It has so far worked admirably for the convenience of the banks' customers and of the public at large. Its provisions relating to circulation have satisfied every requirement as to elasticity and safety. While the banks on the basis of their present capital have the power to issue about \$60,000,000 of notes, the actual issues have ranged between a maximum of \$56,000,000 and a minimum of \$50,000,000, showing that their liberal powers of issue have been exercised with conservatism and have not proved a temptation to inflation. The entire freedom of the circulation to contract and expand in adaptation to the changing requirements of business has shown its beneficial results in the moderateness and steadiness in the rate of interest previously unknown; and no case of failure has occurred in which the noteholders have failed to be paid in full.

We know of no system that more closely conforms to the best and broadest economic ideals of banking; none better calculated to afford the largest possible public accommodation; none better adapted to insure a safe utilization of the surplus balances of the people; and none better qualified to supply the daily fluctuating wants of trade with a safe and convenient circulating medium.

The only point in the constitution of the banks that can be regarded as open to serious objection is the provision which compels them to hold one-half their reserves in the form of Dominion notes. This places them in a position of partial association with the Dominion finances, inconsistent with pure banking principles, and which might under easily conceivable circumstances involve them in embarrassment. It is, however, the sort of penalty that governments resting on an expanded financial basis are too prone to exact when granting banking privileges, as our own banks well know to their cost and confusion.

The *Bulletin*, then goes on at some length to give a description of the American banking system and its dependence on the national government, pointing out the defects in the system, after which it closes as follows:

Nothing but the grossest fatuity could permit Canadian legislators to gratuitously subject the vital currency arrangements of the country to the convenience and the cruel mercies of the Government. No such expedient is needful to protect the noteholders, who are already superabundantly guaranteed. Under existing law, the notes are a first charge on the entire assets of the banks with the duplicate liability of the stockholders added; and just what that means in plain figures will appear from the following statement, as for Nov. 30, 1889:

Assets created by paid-up capital, reserve funds or "surplus"	\$ 60,190,000
All other assets	20,140,000
	172,650,000
	\$252,980,000
Double liability	60,190,000
Total	\$313,170,000

The amount of notes outstanding at the same date was \$34,900,000, showing that the circulation was only 11 per cent. of the amount of assets pledged as a first resource for its redemption. The noteholders of Canada need desire no better guarantee than this; and if they are wise enough to learn from the unfortunate experience of their neighbors in mixing currency arrangements with Treasury finances, they will never permit resort to any such vitiation of banking functions within their domain.

According to the recent bulletin of the American Iron and Steel Association, the total production of pig iron in the United States in 1889 was 7,604,525 tons, in gross, being an increase over 1888 of 1,114,787 tons. This is an increase of over 17 per cent. The net production in tons was 8,517,068 in 1889, against 7,268,507 in 1888.

The list of commercial failures in Canada during 1889 shows a considerable increase over each of the five years preceding. The number of failures for 1889 was 1747, and the amount of liabilities \$14,528,884, against 1667 in number and \$13,974,787 in amount for 1888. Considered by provinces, we find that Ontario shows a small decrease from 1888 in the number of failures, and a slight increase in amount. The maritime provinces and Manitoba all show a decrease in both number and amount, while the provinces of Quebec and British Columbia show very decided increase, that of Quebec being 169 in number and \$2,389,281 in amount.

Speaking of the bill relating to cheques, bills of exchange and promissory notes now before the Dominion Parliament, the *Star* of this city says: "If the bill is passed, it will introduce into Canada the English system of crossing cheques. By simply drawing two parallel transverse lines on a cheque, with or without the name of a bank written between, the drawer can make sure that his banker will only pay the amount of the cheque through another banker. This system puts a serious obstacle in the way of cheques being cashed by persons who have no right to cash them, and also affords a means of tracing to its completion any transaction by cheque. By crossing a cheque with the name of the payee's banker, it is made absolutely certain that the money will only be paid to the credit of the payee's account."

GUARANTEE COMPANY OF NORTH AMERICA.

The annual report of this sterling company, which we lay before our readers in this issue, fully justifies the expectation which its past success has created, for it is a report of increased public patronage and of increased financial strength ample to meet that patronage. We need not tell our readers that this company is both the oldest and strongest on this continent, but they may not know that it is also the second largest guarantee company in the world. Year by year it has added to its patrons the most influential corporations and financial institutions in the country, 215 of which in the United States alone have been added during the past year, making a total of 1,250 there whose employees are bonded by the company. The entire issue of bonds was increased last year by 11,006, and the total amount at risk on December 31st was \$57,178,074. A better view may be had of the progress made if we compare a few important items for the past three years:

	1887.	1888.	1889.
Cash Capital	\$300,000	\$304,600	\$304,600
Net Surplus	125,317	170,516	221,929
Surplus as to policy-holders	425,316	475,416	526,509
Premium Income	205,349	212,544	253,114
Total bonds in force, amount	28,104,285	30,177,700	37,178,074
Total Resources	933,546	985,474	1,048,430