

dispute between the United States and Canada, but hopes that this much-to-be desired result will not be obtained by the sacrifice of any of the commercial interests of the country.

THE FAST LINE

Your Council expresses the hope that the long delayed improvement in communication by steamship with the Mother Country will be carried out in the near future. The closer trade relations which it is expected will result from the preferential clauses in the Canadian tariff will be hastened thereby. Considering the immense sums of money and grants of land that have been given to encourage inland communication, the country could well afford to complete the chain of communication between Europe and the Orient through the Dominion of Canada by the establishment of fast lines of steamships between Great Britain and our own seaports on the Atlantic and the St. Lawrence.

REDUCTION OF INTEREST ON POST OFFICE AND GOVERNMENT SAVINGS BANK DEPOSITS

Your Council was pleased to note an intimation made at the last session of the Dominion Parliament that the rate of interest on Government and post office savings bank deposits would be reduced to two-and-a-half per cent. from 1st of July of the current year, and although action was postponed, owing to possible financial distress in the United States that might have arisen through the recent war with Spain, your Council is in hopes that the reduction, which would be advantageous alike to the Government and the country at large, will not be long delayed. It is reassuring to note that since the reduction from a three-and-one-half to a three per cent. rate the deposits with the government have continued to increase.

There is no good reason for supposing that any reduction in deposits would follow from a two-and-a-half per cent. rate; on the contrary, bearing in mind the present quotations for Government securities, and the immense increase in the surplus capital of the country (the result for the most part of large harvests, good markets and increasing confidence in the country's future), it is the opinion of your Council that deposits would continue to expand, and that a lower standard of interest would prevail throughout the country, resulting in a large saving to the taxpayer and to the borrower. It is to be regretted that the rate on bank deposits in Canada of a maximum of three per cent. is not yet universal throughout the Dominion, owing to sectional rivalries and competition that cannot but prove unprofitable in the long run. Your Council is happy, however, to state that the payment of a higher rate than three per cent. is localized, and is paid upon but a very small fraction of the total bank deposits of the Dominion.

FRICITION BETWEEN BANKS

It has several times been brought to the notice of your Council that at various points banks occasionally enter into unhealthy rivalry by the establishment of new branches where a sufficient number of branches of other banks already exist, in taking over the officers of other banks, in offering higher rates for deposits than a reasonable maximum, and in "cutting rates" below a living basis. It is almost impossible to make any cast-iron rules that will distinguish between what constitutes legitimate competition and competition which the banks themselves should discountenance. This Association has very wisely disclaimed all right of interference in dissensions of this kind. It is well known, however, that where there is business for one bank there is