

INCREASE OF BANK CIRCULATION.

At the rate of business expansion which the last two years have witnessed in Canada, and at the rate of accumulation which the deposits in banks, loan companies and elsewhere have shown, it must soon become a necessity to have an enlarged bank circulation. The total circulation of Canadian banks, at a high point on 1st November last year was slightly under \$58,000,000, which was within 12½ per cent. of the limit which the banks are permitted by law to issue.

The note circulation of Canada is from two sources—(1) the Dominion Government, which issues bills of the denominations of \$1, \$2, \$4, \$50, \$100, \$500, \$1,000 and \$5,000, and (2) the chartered banks which since 1871 have been authorized to issue five dollar bills and multiples thereof. During the past few years of prosperous times such an expansion of circulation has taken place that at present many chartered banks have found themselves unable to supply their customers with their own notes during the season when the demand is greatest. In fact so close have the banks, speaking generally, come to their limit of issue, that increases proportioned to the past year's will in two years more in all likelihood exhaust the issuing powers of the banks as a whole. It thus becomes a matter of great importance to the public to see that means are taken to supply a convenient circulating medium without removing any of the safeguards which make any Canadian bank note an acceptable payment without question in all parts of the Dominion.

Bank issues at present are secured by a prior lien on all the assets of a bank. In addition to this lien each bank deposits with the Dominion Government a sum equal to five per cent. of its circulation for the previous year; and the total amount thus received is held as a guarantee fund for the redemption of the notes of any bank. These provisions make the notes perfectly secure, but the issue is limited to an amount equal to the paid-up capital of the bank, instead of being based on the security against which the notes are issued. The time now appears to be ripe for a change from the arrangement of by-gone years, and it is to be hoped that the government will take measures to put the notes issues on a proper economic basis, allowing the banks to issue notes to some determined proportion of their assets.

A correspondent makes the suggestion that a principle be adopted, equitable to all banks alike, which will permit expansion of circulation in harmony with the growth of trade and the corresponding increase of banking business; and, conversely, would compel a reduction of circulation should changed conditions produce a shrinkage in the volume of business. "Our Canadian bank note circulation," he says, "is purely an asset circulation; then why not fix the limit of circulation at a certain ratio to total assets? This seems to me to be the simplest method of securing reasonable elasticity under circumstances like the present." Some thirty years ago, Canadian banks were permitted a note issue, not only up to the amount of their paid-up capital, but, in addition, up to the amount of specie and legal tenders in their possession. What objection is there to permitting this additional latitude now?

TORONTO GENERAL TRUSTS CORPORATION.

As understood in Canada and the United States the functions of a trust company embrace a very considerable variety of transactions. Some companies bearing this name engage in work of a more or less speculative char-

acter, for instance, the promotion or flotation of companies, the underwriting of bond and stock issues, and even the guaranteeing of certain undertakings by persons or organizations. Others, refusing these functions, confine their operations to merely fiduciary duties, such as those of a trustee, executor, liquidator or guardian. The Toronto General Trusts Corporation makes it quite clear in the latest report that anything of a speculative nature is foreign to its purpose; its intention being to confine its attention to looking after the affairs of such as require a receiver, executor, trustee or guardian. It does not receive money on deposit; does not issue debentures; does not promote companies; does not, in short, attempt anything of a speculative nature. The distinction is important, and must tend to impress in a convincing manner those who have placed funds or estates in its hands, or who may think of doing so.

The volume of the corporation's business during the twenty years of its existence has been great. Its trust and estate business during that period has exceeded thirty-seven millions of dollars; and it has distributed and closed out \$16,712,000, having still in its hands at the close of last year \$20,435,000. The new business of 1901 shows a marked increase over that of 1900, amounting as it does to \$3,091,000, apart altogether from such work as registering stocks and bonds, the certifying of debentures, &c., which extended to several millions more. So widely have its operations extended that it has been found necessary to open a branch in Winnipeg. The paid capital now amounts to a million, and the reserve fund is \$270,000. After writing off \$16,289 from company's building and vault fixtures it declares a dividend of 7½ per cent. for the year, and adds \$20,000 to reserve.

The address of the president, Dr. Hoskin, dwelt upon the havoc made and the misery caused by negligent and defaulting individual trustees. Every one familiar with such matters knows that trustees and executors who are related to beneficiaries are often pressed to vary and encroach upon the trusts to the detriment and often the destruction of the estate. Personal trustees are often unable to resist family pressure and considerations, but a company management, as Mr. Langmuir put it, are as indifferent as stone to these influences. The advantages of a corporate administrator or trustee to those who seek safe and careful management of trusts they may create for the benefit of wives and children, to take effect during their life or after their death, are that they can be satisfied of continuity, which is very desirable, because in the case of a private trustee, death, incapacity, unwillingness to continue such, and the changeableness of human affairs, cause trouble, costs and uncertainty. An individual trustee, however capable, may die, and his successor may be incompetent; whereas a company does not die, although its managers may, and thus continued direction is secured. The directors of this corporation are among the ablest and most reliable business and professional men in Canada, while the executive staff is experienced and competent.

HAMILTON PROVIDENT AND LOAN SOCIETY.

For a series of years, the reports of this long-established mortgage company have contained expressions of satisfaction with the way in which payments had been made by its mortgagors. This year again we find it stated that repayments by borrowers have been very satisfactory. The net profits were nearly equal to those of 1900, and it is found possible to make the same addition as before, \$20,000, to reserve. An increase of borrowed money is