

THE RATE OF BANK DISCOUNT.

Unpleasant as it may be for borrowers of money there can be no doubt that a general rise of one per cent. in the rate of bank loans and discounts in Canada is inevitable. This has very little to do with the state of the New York money market, nor has it anything to do with the rise of money in England. Canada is a money market in itself now and must and does regulate its own financial affairs.

The rate for the use of money is a result of supply and demand. The government returns show that the demand has been constantly increasing for some time while the supply has been lessening. The supply of actual cash in the banks decreased about a million dollars during the last month. The loans and discounts of the united banks are eleven millions more than they were a year ago. This eleven millions is distributed among the traders and manufacturers of the Dominion. When the demand increases and the supply diminishes the rate must go up; it can no more be kept down than the price of wheat can be kept down under a strong demand. The banks have been moving slowly in this matter for some time back, but a general advance of one per cent. at all points has now taken place in the rate at the leading banks.

Large wholesale houses or manufacturing companies, whose capital amounts to hundreds of thousands of dollars, are now paying seven per cent. in Montreal. The rise is not likely to be temporary, money is more likely to become stringent than otherwise. The true way to meet this new state of things will be for borrowers to curtail their discounts. It may be possible in many cases to so restrict transactions healthfully that the burden of interest may be no more at seven per cent. than it was at six.

BANKING RETURN.

The figures of the Canadian bank statement for September last will be found in condensed form below, and are compared with those of the previous month. The statement bears date, Ottawa, 15th October.

CANADIAN BANK STATEMENT.

	Sept., 1887.	Aug., 1887.
Capital authorized..	\$77,079,099	\$ 77,079,099
Capital paid up....	60,843,276	60,841,106
Reserve Funds.....	17,728,814	17,653,814
Notes in Circulation	33,765,610	31,666,467
Dominion and Provincial Government deposits....	6,611,048	6,436,646
Deposits held to secure Government contracts & for Insurance Companies.....	490,292	544,322
Public deposits on demand.....	50,701,237	49,802,105
Public deposits after notice.....	57,152,103	57,679,999
Bank loans or deposits from other banks secured...	32,600
Bank loans or deposits from other banks unsecured.	1,324,230	1,348,475
Due other banks in Canada	634,127	633,235

Due other banks in Foreign Countries	126,100	182,816
Due other banks in Great Britain...	1,829,916	1,602,812
Other liabilities....	131,266	209,163
Total liabilities..	\$152,765,840	\$150,138,644
ASSETS.		
Specie	\$ 5,497,433	\$ 5,987,701
Dominion notes....	8,966,860	9,457,917
Notes and cheques of other banks..	5,675,385	5,525,206
Due from other banks in Canada.	3,244,633	2,963,060
Due from other banks in foreign countries	11,790,952	11,641,807
Due from other banks in Great Britain.....	4,084,309	3,604,034
Immediately available assets.....	\$39,259,572	\$ 39,170,725
Dominion Government debentures or stock.....	2,996,650	3,120,214
Public securities other than Canadian.....	3,824,548	3,905,340
Loans to Dominion & Prov. Gov....	2,544,176	2,608,836
Loans on stocks, bonds or debent.	11,581,395	11,629,508
Loans to municipal corporations ...	3,592,966	2,995,208
Loans to other corporations	15,613,024	15,713,228
Loans to or deposits made in other banks secured....	258,805	367,039
Loans to or deposits made in other banks unsecured..	460,134	179,726
Discounts current..	140,877,002	138,395,449
Overdue paper unsecured	1,312,116	1,241,189
Other overdue debts unsecured.....	49,814	56,104
Notes and debts overdue secured...	1,782,502	1,639,999
Real estate	1,234,854	1,210,976
Mortgages on real estate sold	783,937	809,003
Bank premises....	3,604,877	3,594,029
Other assets.....	3,576,641	3,696,632
Total assets,....	\$233,352,748	\$230,333,217
Average amount of specie held during the month	5,620,853	5,912,590
Av. Dom. notes do..	9,090,856	9,468,091
Loans to Directors or their firms....	8,355,435	8,655,030

We observe the following changes in the totals:—Circulation was two millions higher in September than in August, as is to be expected at this season; current discounts increased by between two and three millions. At the same time the supply of specie and legal tenders held diminished by a million dollars as compared with the previous month; an evidence that the banks, in their desire to accommodate customers, had left themselves somewhat bare. Matters have, for some time, been shaping towards tight money, and now the stringency has come. The money market has taken, within the past week, a very sharp turn. Rates of discount have advanced to seven per cent. for first class mercantile paper, while anything of a speculative or unusual sort receives no encouragement at scarcely any rate. Bankers are much more disposed to welcome depositors, too, and the rate of interest on fixed deposits at notice has been advanced to four per cent. from three. The causes of this condition of things we must leave for discussion in a subsequent article. Meanwhile it must be apparent to prudent business men that the present is a good time to husband resources and an unpromising time to spread out.

THE FISHERY COMMISSION.

It would be a great misfortune if only one half of the fisheries dispute, that which arises on the Atlantic side were referred to the fishery commission, and that which has reference to the Pacific side were left untouched. The Americans are demanding greater privileges on the Atlantic side than they are at present in enjoyment of; on the Pacific side, though their attitude is somewhat uncertain, they are practically denying to British subjects what every people is entitled to under the law of nations. The arguments which they use on one side of the continent are destructive of the claims which they make on the other side. If the whole fishery dispute were referred to the commission, the British representatives might rest a large part of their case on the arguments used by Americans in support of their own claims on the Atlantic side, and against the claims of the British on the Pacific side. President Arthur, in one of his messages, suggested the reference of the question of the Alaska seal fisheries to a commission, and no commission could be more appropriate for the purpose than that which is to deal with the fisheries on the eastern coast of Canada.

What the Americans claim in Alaska waters really is, it is impossible to make out; for the different departments of the government do not appear to have come to a common understanding as to what they ought to ask. In fact, it looks as if a serious difference was being developed between the state department and the department of justice. The cause of the difficulty is not far to seek. The Attorney-General looks at the question from the point of the municipal law; Secretary Bayard regards it in the light of international obligation. The Attorney-General finds on the statute book a law which purports to assure to the Alaska Commercial Company a monopoly of the taking of seals and fur-bearing animals, and prohibits all others, including American citizens, from killing these creatures "within the limits of Alaska." One clause to make doubly sure, extends the prohibition specially to the killing of seals on St. Paul and St. George's Islands, and "the waters adjacent thereto," of which the Alaska Company holds a lease. These terms, "the limits of Alaska territory," and "the waters adjacent thereto"—that is to the islands in question—may be capable of different meaning, but they seem to be capable of a rational interpretation which would not conflict with the law of nations. "The limits of Alaska territory" would on the view of international law, include the three mile jurisdiction over the adjoining water; and the waters adjacent to the islands of St. Paul and St. George would have a like extension and a like limit. In this view of the case there is really no difficulty, even from the point of view of the United States municipal law, unless it contains something else besides the passages quoted. But it seems that the Attorney-General has insisted on reading along with the municipal law, the description of Alaska in the deed of cession from Russia