and it does seem that the explosive bomb-lance ought to be prohibited. In the territorial waters of the Dominion, the Federal government has the right of making regulations; but whether that right extends to the open sea—Hudson's Bay—is a question. If the American Government should make good its claim to treat Behring sea as a close sea, Canada would be found to stand in at least as favorable a position in respect to Hudson's Bay. There is one abuse perpetrated in Hudson's Straits and Bay, which ought to be put an end to, without delay. American fishermen, who go there, smuggle in goods to trade with the Esquimaux of Canada. They not only fish where they like, but they trade without regard to the customs' laws of the Dominion. In an unsettled country, the practice is hard to put down, but an effort to that end must nevertheless be made, and that as soon as possible. Newfoundland, too, collects duties on goods intended for consumption in this part of Canada; and the corrective when applied will have to take note of this fact.

LOAN SOCIETIES' RETURN.

We have received from the Finance Department at Ottawa, the usual statement, issued by the Government of the Dominion, giving a *resume* of the affairs of loan companies and building societies in Canada. The present issue is for the year 1886, and contains the names of ninety-four such associations: 72 of these are in Ontario, 16 in Quebec, 2 each in Nova Scotia, New Brunswick and Manitoba. Three out of this total have ceased to do business in Canada, four have sold out or are in liquidation or merged into other concerns, seven make the claim that they are not bound to send returns to Ottawa, not being controlled by Dominion statutes, and several have sent no answer to the circular of the government. The Commercial Mutual Building Society, of Montreal, for example, sends no answer whatever, and another Montreal concern, La Societe Canadienne Francaise de Construction, refuses to make any return. The imposing figures of the Ontario Investment Association appear in the printed list, *e. g.* "Reserve Fund $500,000" and "loans otherwise secured $728,723," and assuredly they form an odd contrast with what is known of this company's condition to-day.

Taking the figures of the seventy-five companies which have made returns we find the following aggregates:

Capital paid-up	$31,874,000
Reserve Funds (61 Cos.)	7,738,000
Deposits	16,226,000
Debentures, Canadian	6,544,000
" " Brit. or For.	32,361,307
Total loans	88,094,000

Receiving this return only yesterday, we cannot, at present, go farther into its wilderness of figures. But it occurs to us, on finding the borrowings of these societies abroad nearly as large as those in Canada, that the companies play an important part in bringing British capital within the reach of our farmers and other borrowers and in assisting to reduce the rate of interest here.

LOAN SOCIETY DEPOSITS.

In the statement, which we printed the other day, of the Lambton Loan and Investment Company, the most noteworthy point was an excess of deposits over the proportion which the law prescribes. No apology was made for this impropriety nor was there any reference to it in the approbative speeches made at the annual meeting, which dwelt on the increase of deposits, "showing the confidence the public had in the managers," and upon the growing business and the pleasing powers of earning shown by the company. We congratulate the company on its growing business and shall be rejoiced to see it prosper further, but not under its present conditions. The law says that "the amount held by any such society on deposit shall not at any time exceed the amount of the unpaid and unimpaired capital of the society." (47 Vic. Cap. 40, Sec. 2.) This amount was at the end of June, in the case of the company in que tion, $395,182; but the deposits were $569,096—an excess of $173,914. If the company have proceeded upon the supposition, for which, however, the law gives no warrant, that it is proper to add Rest and Contingent funds to capital, and to take deposits to equal the aggregate of these, even then the company had $41,512 too much. But we understand the company admits the excess of deposits and says it has been issuing more stock, year by year, to overcome this, always "intending to make it right" but then, you see, "the business kept increasing to such an extent that we could not." This is a very lame excuse. What would be the state of affairs if all our large and important loan companies, instead of, as now, refusing deposits before their limit was reached, should all break the law and *then* take steps to increase capital? The temptation to make extra profit by evading the act is just as strong, perhaps, in the case of large companies as in others, but they are careful not to overstep their legal limit. So ought smaller ones to be.

As there are evidences of carelessness among the authorities of some of our companies with respect to this matter, and as there may possibly be honest ignorance as well, we here reprint a section of the Dominion Act, 47 Victoria, Chapter 40, Section 2.

"The aggregate of money deposits in the hands of any such society, together with the amount of its debentures i sued and remaining unpaid may be equal to, but shall not at any time exceed double the aggregate amount of the paid up, unimpaired, fixed, and permanent capital or shares in such society, not liable to be withdrawn therefrom, together with a further sum which may be equal to, but shall not exceed the amount remaining unpaid upon the subscribed fixed and permanent capital or shares, upon which not less than twenty per cent. has been paid; provided that in no case shall the total liabilities of any such society to the public at any time exceed three times the amount actually paid up in respect of fixed and permanent capital or shares in such society, nor shall they at any time exceed the amount of the principal remaining unpaid on the mortgages at such time held by such society; provided that in estimating the paid up unimpaired, fixed and permanent capital or shares of any such society, the amount of all loans or advances made by it to its shareholders upon the security of their stock shall be deducted therefrom; provided further, that the amount held by any such society on deposit shall not at any time exceed the amount of the paid up and unimpaired capital of the society."

RECENT LEGAL DECISIONS.

QUEEN VS. ST. CATHARINES.—This case, by far the most important Canadian suit now awaiting final judicial determination, involves questions which are not only of deep historical and legal interest, but are also of vast importance to the people of this province in general, and in particular to those directly concerned in the lumber interests of the country. It is of moment to the former as involving a dispute as to the ownership, by the Dominion or the Province of Ontario, of a large portion of the province; and to the latter because upon its decision will be determined which government will henceforth control the lands in question and the timber thereon. The extent of territory in dispute is 55,000 square miles, much of it covered by valuable timber, which has only of late years begun to find a market.

The history of the case is briefly as follows:—The St. Catharines Milling & Lumber Co. obtained a license from the Dominion Government to cut timber on a certain limit north of Lake Superior. The Attorney-General of Ontario brought action for an injunction to restrain this cutting of timber, on the ground that the land in question was, according to the decision of the Privy Council, in the boundary case, within the limits, and part of the property of Ontario. In answer the company set up the defence that the land did not belong to the province; that up to 1873 it belonged to the Saulteaux Indians resident upon it; that in that year it was ceded or surrendered by the Indians as part of a tract of 55,000 square miles to the Crown, as represented by the Dominion Government, by a treaty known as the North-West Angle Treaty, or, Treaty No. 3; and that consequently the Dominion Government, the only government able to deal with the Indians for a cession of their lands, thereby became owners of the tract mentioned, including the lumber limit in question, and were thus alone entitled to grant licenses to individuals such as that granted to the St. Catharines company.

There thus arose, for the first time in Canadian courts, the broad question as to whether or not the Indians are to be recognized as ever having been possessed of any legal right in the lands of this continent occupied by them, which have never been surrendered to the Crown; then the question as to whether, under the provisions of the British North America Act of 1867, such lands are vested in the province in which they happen to be situated, as "public lands," or belong to the Dominion as "lands reserved for the Indians." The decision in