

the last of them to arrive, reached Victoria on Sunday. British Columbia may draw consolation from the fact that the Government of Canada has secured compensation for losses that may be incurred in connection with the sealing enterprise, and we cannot doubt that a liberal view will be taken of all reasonable claims.

The announcement made by the London Times that Sir Geo. Baden Powell, M.P., and Mr. Dawson, of the Geological Department of Canada, have been appointed arbitrators in the Behring Sea case, is incorrect. The surmise telegraphed from Washington that these gentlemen have been appointed to go to Behring Sea for information on the subject is, we believe, correct.

BANKING REVIEW.

The figures of the Canadian bank statement for May last will be found in condensed form below, and are compared with those of the previous month. The statement bears date Ottawa, 17th June:

CANADIAN BANK STATEMENT.

LIABILITIES.		
	May, 1891.	April, 1891.
Capital authorized..	\$75,258,665	\$75,258,665
Capital paid up....	60,480,392	60,374,784
Reserve Funds	22,853,789	22,137,459
Notes in circulation	30,917,214	30,904,096
Dominion and Provincial Government deposits...	6,198,789	6,017,057
Deposits held to secure Government contracts & for insurance companies	89,062	86,026
Public deposits on demand.....	56,522,473	54,862,875
Public deposits after notice.....	84,679,400	83,557,758
Bank loans or deposits from other banks secured...	234,000	209,000
Bank loans or deposits from other banks unsecured.	2,051,923	1,593,239
Due other banks in Canada	790,688	573,186
Due other banks in foreign countries	108,847	123,334
Due other banks in Great Britain...	3,280,852	3,591,520
Other liabilities....	658,385	86,617
Total liabilities..	\$185,531,633	\$181,564,745
ASSETS.		
Specie	\$6,767,167	\$ 6,672,904
Dominion notes....	10,789,413	10,634,793
Notes and cheques of other banks..	5,996,309	5,987,059
Due from other banks in Canada.	3,730,957	2,982,609
Due from other banks in foreign countries	16,100,153	15,145,251
Due from other banks in Great Britain	1,295,804	1,099,732
Immediately available assets.....	\$ 44,679,803	\$42,522,348
Dominion Government debentures or stock.....	2,505,156	2,507,973
Public securities other than Canadian.....	6,603,916	6,534,412
Loans to Dominion & Prov. Govts..	2,476,567	2,663,537
Loans on stocks, bonds, or debentures...	16,064,807	14,505,454
Loans to municipal corporations	4,669,649	3,850,914
Loans to other corporations	27,056,214	25,999,327

Loans to or deposits made in other banks secured....	529,288	449,787
Loans to or deposits made in other banks unsecured..	331,541	292,874
Discounts current..	151,181,199	152,778,348
Overdue paper unsecured	1,261,679	1,455,693
Other overdue debts unsecured.....	64,194	69,562
Notes and debts overdue secured...	1,282,657	1,283,801
Real estate.....	983,608	1,035,788
Mortgages on real estate sold	786,962	754,205
Bank premises....	4,269,408	4,246,718
Other assets	2,454,554	2,525,476
Total assets.....	\$267,201,211	\$263,476,222
Average amount of specie held during the month	6,668,292	6,963,524
Av. Dom. notes do..	10,601,033	10,544,503
Loans to directors or their firms....	7,090,636	6,649,642

The banking position at present is undoubtedly one of comparative ease, contrasting sharply with that of six months ago. At that time the uncertainty arising out of financial troubles in Europe had not passed away, and it seemed quite possible that a real scarcity of money might supervene as the winter passed on. At that time the liquidation of the vast estate of the Barings had been only partial. Since then, however, the realizations of merchandise against which bills on the firm had been drawn, have taken place to the extent of some twelve or fourteen millions sterling, all of which has gone into the ordinary channels of trade, and enabled payments of that amount to be made in liquidation of the indebtedness. A considerable part of this indebtedness was current on this side of the Atlantic. This process is only one among others of a similar kind which have been going on during the winter. Coupled with this has been a remarkable absence of commitments for new enterprises and of disbursements on account of public undertakings. All these things tend in the direction of easier money. The fear, then, of a really tight money market may be dismissed for the present; at the same time there is no disposition on the part of the banks to lend money too freely or without security; no disposition in fact to throw their money away. It appears quite plain from the proceedings of the banks at their annual meetings that some of them have lost a good deal of money during the last year or two. The process of nursing, which weak accounts are generally subject to, prevented the full force of these losses being felt for a time. But last year there seems to have been a tolerably rigid scrutiny and sober-sided valuation, resulting in a pretty severe diminution of net profits available for distribution to stockholders. These losses have not been such as to make serious inroads on the resources of the banks, or such as to prevent them paying their usual dividends, and even adding to their Reserve Funds. But these additions to Reserve Fund were largely the consequence of keeping down dividends to the moderate rates which characterize the most of our banks. These moderate dividends, again, are largely the outcome of ideas that prevailed in a former generation, that a bank needed to have a large capital in order to

attain and maintain a stable position. When the business and banking of Canada were on an immensely smaller scale than at present, there were several banks with capitals of \$4,000,000 and upwards each, a style of things much more conformable to a wealthy country like Scotland than of such a poor country as Canada was at that time. The capital of these banks was out of all proportion to their deposits, circulation and discounts. Their earnings were, therefore, on a very moderate scale as compared with their capital, and the idea of building up a large and substantial Reserve Fund had not then taken root. Time and circumstances proved the entire fallacy of the supposition that a large capital in itself is an assurance of stability, for, out of the four banks that possessed such large capitals, two suspended payment. One of these lost its whole capital, but is supposed to have paid its debts; the other lost two-thirds of its capital, but undoubtedly paid the whole of its liabilities. Both went out of existence, and out of the ruins of their business a certain amount has been preserved and is now incorporated in the business of the banks of the present day. We do not say that these banks would have fared better if they had had a smaller capital with the same management. Both were badly managed, and the large capital did not prevent bad management from bringing about the usual result.

Even now the capital of the larger banks is out of proportion to the volume of their business, and so long as this is the case their earnings reckoned by percentage on capital will be on a moderate scale as compared with those banks in other countries.

There has been a marked increase in deposits during the month, namely, from \$144,000,000 to \$147,000,000, but the increase since 1890 is very considerable indeed, namely, from \$133,000,000, to \$147,000,000. A portion of this may have been caused by the transfer of deposits from the Government to the chartered banks. But not more than a million and a half can be attributed to this cause. The balance must be looked for in the general growth of the savings of the country, the general accumulation of the funds of estates and persons out of business, together with all such sums as have been received in England on account of Canadian enterprises. The last of course is no addition to the wealth of the country; it is only borrowed or imported money, and will carry its burden in the shape of interest to be transmitted abroad periodically. If moneys thus obtained abroad are judiciously laid out at home so as to produce a revenue sufficient or more than sufficient to pay the interest, they are no burden upon the country's resources; but if not, when borrowed, they undoubtedly are.

The prospects of business are fair. The grain crops, as a whole, are looking well; the rains have brightened matters up considerably, and though hay will undoubtedly be a short crop, the indications, so far, point to a good year's production, not only of grain, but of all exportable articles, thus laying the foundation for a prosperous year's business.