will in the future. But as to what changed conditions will be found in ten, twenty, or thirty years' time is problematical.

The gold supply is increasing rapidly. The Director of the United States Mint has estimated that during the next twenty years the world's gold production will average four hundred million dollars per annum. One authority gives the world's gold production for three years as follows:—

	1903.	1904.	1905.
North America	$105,106,409	$111,192,642	$118,176,774
Australasia	89,206,739	87,241,662	85,970,779
Africa	68,036,433	86,249,936	113,226,971
Europe	29,132,342	29,808,900	27,668,111
Asia	25,134,755	24,839,368	24,446,336
South America	11,348,805	9,255,745	10,069,942
Other Countries ..	1,500,000	1,500,000	76,500
Totals	$329,465,483	$350,088,253	$379,635,413

The rate of increase is best shown in the following table, which is compiled by the Director of the United States Mint:—

Year.	World's Annual Output of Gold, Coinage Value.	% Increase in Output.
1875	$97,500,000	——
1885	108,435,600	11.2
1895	198,763,600	9.5
1896	202,251,600	1.07
1897	226,073,700	11.2
1898	286,879,700	26.8
1899	306,724,100	6.8
1903	325,527,200	6.1
1904	346,892,200	6.5
1905	379,635,413	9.4
1906	400,000,000	5.3

The purchasing power of a gold dollar must decrease as prices rise. Thus it may be said that the price of gold is decreasing. There are so many indeterminable factors in discussing the effect on price of the increasing gold supply that it is difficult to come to any really definite conclusions. Definite, that is, and at the same time agreeing with the theories of the numerous disagreeing high authorities. Gold prices must depend in the main upon the amount of gold and the amount of business in each country. Between 1890 and 1896 Dr. Suess, a professor of geology in Berlin University, caused some sensation by stating that within a short period the world's gold supply would show a regular diminishing annual yield.

This, he predicted, would result in industrial and financial depressions, and panics of unparalleled severity. These prophecies have been, up to the present, far removed from the facts. That the annual output of gold will increase steadily seems to be a point agreed upon by most authorities. Naturally, in sympathy with the environment and peculiar conditions surrounding the mining markets, in respect to gold mining investments and the demand for gold, fluctuations in the yields of particular mining districts will vary, as they always have varied.

Mr. Maurice L. Muhleman, the ex-Deputy Assistant Treasurer of the United States, thinks the gold supply is far from being too great. He bases this assertion on the fact that very few banks possess sufficient reserves. "It is not necessary to furnish," he says, "a "complete catalogue of the illy-fortified financial institutions. The need is sufficiently important to merit "the persistent attention of the best thought of the day "in Governmental and financial circles. It may have "been excusable in the period of slender gold output "to permit reserves to shrink; that excuse is now no "longer permissible; and, while there are, no doubt, "other channels in which the extraordinary supply of "yellow metal can be used, none would so readily prevent inordinate market fluctuations, at the same time "tending to avert the disasters following inadequate "reserves, which so frequently interfere with the steady "progress in our economic evolution."

Ricardo's, Adam Smith's, and Mill's theories claim that if the money stocks were doubled, prices would be doubled; if the money stocks were halved, prices would be halved. This theory has been proved somewhat lacking. Such a great deal depends upon prevailing conditions. One may say, broadly speaking, that an increase in the monetary supply tends to advance prices. Every deposit of gold added to the world's bank reserves creates a disposition to increase credit lines. This increase in credit tends to advance prices.

But expansion of commerce and business may keep pace with the growth in the gold reserves. In that case, the relative percentage of gold reserves to credit demand would leave prices unchanged. Twice, notably, in the world's history there was a large amount of gold added to the monetary stocks. One of these periods was when the mineral resources of Mexico and Peru were exploited. The other was in the years following the discovery of gold in Australia and California. In each instance a great impulse was given to the exploitation of new fields. Similarly, it would seem, countries that are commercially and industrially backward, and countries which need monetary assistance for development, will be given an impetus by an increasing output of gold.

Immediately any country has an over-influx of gold —more than is necessary for its own affairs—thoughts and money will be directed to new fields of industry. It seems to be established that an increase in gold supply must increase necessarily the price of commodities, wages, and earnings, at the same time decreasing interest, because there then will be more money to loan. The prices of securities probably would give birth to new industries and increase the earning capacity of those already in existence. That this situation is not entirely satisfactory is evident by the fact that the prices of commodities and necessities of life are apt to advance in proportion to any increase of wages. The wages, therefore, of the wage-earner, although larger in amount, perhaps would have very little, if any, more purchasing power than those of to-day.

The demonetization of gold seems, at present, rather an unlikely event. There is ample room for investment in new fields for the strengthening of the world's gold reserves, and for commercial and industrial expansion. A large gold supply for many years to come appears to be assured. The fact that there has been recently great competition between the various financial centres for gold proves that the market has not reached anything like a chronic condition of over-supply. In discussing the subject as has been said already, so much is theoretical and so little is practical. The pessimist will deduce from an increasing gold production panics, bad times, and all sorts of other troubles; the optimist will predict that things will be shaped, as time progresses, by their surroundings. This latter view appears to be the more reasonable. Events do not shape themselves always to our liking; we must continually shape ourselves to events.

EDITORIAL NOTES.

Eighteen Cobalt companies will be paying dividends before the end of the year. This is the prophecy of a man who "knew Cobalt before it was Cobalt."

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The financial and banking supremacy of Canada long has constituted a sort of laurel wreath of dispute between Toronto and Montreal. Doubtless the Toronto claimants to this distinction will consider great weight has been added to their cause by the Sovereign Bank's decision to remove the office of the general manager and the chief executive officials from Montreal to Toronto. But after all it matters very little whether a bank's head office be in either one city or the other. Both Montreal and Toronto have great times before them; both are pleased with themselves; both are pleased with their bevy of banks. The question of