

report was 1,119,878, to which should be added 154,068 leased cars, making a total of 1,273,946 cars operated directly. This shows an increase in the number of cars directly controlled by the various roads of 58,854 during the year. Of the total number of cars, 81,384 were in the passenger service, and 1,047,577 in the freight service. The proportion being thus as three to ten, nearly. The number of tons of freight carried per freight locomotive was 40,062, and the number of ton miles accomplished per freight locomotive was 5,081,889. These figures show no change in the efficiency of freight locomotives as compared with previous years. The increase in equipment fitted with train brakes, or automatic couplers, as compared with the increase in equipment itself, is not as marked as in the previous year.

#### INCREASE OF DOMINION NOTE ISSUE.

From \$20,000,000 to \$25,000,000 is an increase of Dominion notes which could not be permitted without good reasons shown. The allegation is that the amount of small notes is insufficient to meet public requirements. The assumed deficiency has not forced itself, as it would be apt to do in a somewhat imperative way, on public attention. The public has not complained that small notes in the required quantity could not be got; the press has not made known a famine of notes as a means of changing five dollar bills. The discovery is made in the Government departments, probably the Ministry of Finance.

We cannot forget that to the Government the issue of small notes has been a means of borrowing from the public and of extorting forced loans from the banks, and in the absence of a clear demonstration of the necessity for a further issue, for the public convenience, we have a right to suspect that the old leaven is working again, and that the desire to obtain a further loan presided at the discovery of the want of more small notes. There is one way in which a suspicion of this kind may be effectually allayed. Let it be decided to make the issue, the full amount of the notes, \$5,000,000 in gold, should be deposited to meet demands on account of the general Dominion note issue. The gold basis cannot properly remain what it is, 15 per cent., if the issue is to be increased. When the Government compelled the banks to part with a large part of their gold in exchange for Dominion notes, the public treasury became to that extent the source of gold supply for the banks, the reservoir to which they must look, as on the other side of the water country banks look to the Bank of England. There is a limit beyond which Government notes, on a narrow basis, can safely be issued, and it is the first and highest obligation of the Government to see that that limit is not exceeded. The whole structure of finance, public and private, corporate and individual, depends upon it. The temptation to exceed a just limit has often elsewhere proved too much for Governments, when they become embarrassed, to resist. When power and privilege go together, the Government having the means of getting what would be denied to a corporation, a special element of danger is introduced. If the Ottawa Government resolved to extend the Government note issue by \$5,000,000, on the present basis, there is great reason to fear that party would give what was asked. Here lies the danger. Though we might trust the patriotism of the Government, it does not follow that we could feel any safety in the economic discipline through which the minds of its members have passed.

It may, we trust, be taken for granted that there will be no attempt to force a further Government loan from the banks, under the pretence of a necessary increase of small notes. This process has gone quite far enough already, too

far in fact. If the attempt were made, it should be resisted by all legitimate means.

The Government is not only an issuer of notes against gold. Through the post office. Savings banks it is a holder of deposits to a large amount. There is an occasional movement of deposits which does not depend upon any actual business demand, but is responsive to a feeling of panic which takes account of nothing but its own distrust. Last year a remarkable manifestation of this feeling, and the disastrous results which it is capable of producing, made its appearance in the United States. Beyond the part played by the silver question, the state of the currency had very little part in producing the general paralysis of business which supervened. Distrust was king; he caused the withdrawal of treasure from the banks, in the form of deposits, on an enormous scale, and for a while the banks found pretexts for a practical suspension, for which their charters would have been forfeited, if anybody thought it worth while to proceed against them on that ground. The only safe thing to do is to give no ground for suspicion or distrust either in connection with the currency or deposits.

Sir Robert Peel acted upon the principle when dealing with the Bank of England, that for all the currency issued beyond a specified amount, specie should be deposited pound for pound. There will be more reason to insist on this rule being observed in the case of an addition of \$5,000,000 to the Government note issue than there was in the case of the Bank of England. The present small note circulation is made to serve the banks in lieu of so much gold. It is not gold, and though a legal tender, cannot, even in fair weather, take the place of gold everywhere. It would not pay foreign debt, and is therefore not a currency for all purposes like gold. An addition of \$5,000,000 to the amount of these notes might be justifiable if they were based on \$5,000,000 gold held on deposit; but not on the basis of an extension of pre-existing issues.

#### A TRIP TO HALIFAX.

We beg to express our grateful acknowledgments to a correspondent in Quebec who brings to mind what was written in THE MONETARY TIMES of 18th April last on the subject then mooted of holding a meeting of the Canadian Bankers' Association in the city of Halifax. He suggests that we reprint it, as a reminder to bankers looking for a holidaying place, which we accordingly do. Referring to the charms of such a salt-water programme as Mr. Knight had laid down for jaded bankers in his letter suggesting the Halifax gathering, we said:

"Halifax in July! The harbor with its fleets; the Basin, the Arm, the surf at Cow Bay, Studleigh—the old-world hospitality in new-world surroundings. Ah! Any one who has ever visited that entrancing city, be he a solemn banker or jocund bank clerk, will hold up both hands at the chance of an outing among such people and such scenes as Halifax can supply."

This pleasing prospect is just as true in July as it was in April, and much nearer hand. And we are glad to find that Halifax has been chosen for the annual meeting of the Canadian Bankers' Association, which will be held in that city on the 26th, 27th and 28th July, Thursday to Saturday. These dates have been chosen by the Halifax bankers in order that visiting associates may have an opportunity to witness a naval review which is to take place on the 28th. It has also been arranged that the regatta of the Halifax banks shall be held on that day, Saturday. Presumably the two days preceding, or most of them, will be devoted to the business of the meeting. The dinner, to which all associates attending will be invited, is to be given on the evening of the 27th. Papers on bank-