

way, and the precedent would not justify our Government in borrowing money to re-loan to farmers for general purposes, or even to enable them to buy farms. For drainage purposes, the Ontario Government made loans to municipalities, but the reclamation of swamp lands had the effect of creating new tillable land of which the value will produce the means of repaying the loan. And if it was safe to lend to municipalities—and on this point the Government of Canada has had a varied experience—loaning to individual farmers would be a very different thing, and would not, we fear, have a favorable result.

For some years to come, the Premier recently announced, Canada is pledged not to resort to a new loan, and whatever expenditures are made on capital account will have to be made out of revenue over-plus or savings. This fact was mentioned as a reason why deputations seeking aid to railways should be moderate in their demands. The same fact will apply to the enlargement of the canals or any other public work requiring a considerable capital expenditure. It is well that the resolution to halt in the increase of the public debt was taken. It does not appear whether it originated with the Government or not, and it was probably made by way of promise to the financial agents of the Government. However it came about, the engagement was well taken, and we trust that nothing will occur to cause a breach of it. Deputations should bear the fact in mind, and not try to force the Government into excessive or unreasonable expenditure.

#### THE BANK CHARTERS.

The changes to be made in the bank charters are neither numerous nor of a radical character. Last night Mr. Foster unfolded the Government plan, and as was pretty well-known in advance, it provides a means by which all Canadian bank-notes at any point in the Dominion, are to be taken by every bank at par, and provision is to be made by the banks for the redemption of the notes of any bank that may become insolvent. These two points were agreed upon some time ago, and they embody the principal changes in favor of the public. They are both desirable and will save note holders almost from the possibility of loss. In this particular the Government has done its duty in seeing that bank-notes which pass in lieu of coin are well if not absolutely secured. In future no new bank is to be allowed to come into existence until its promoters have deposited with the Receiver-General \$250,000. This provision, while it will prevent a multiplication of banks that might otherwise have been possible, will protect the public against bank stock which represents nothing but the promissory notes of the holders. In this way an abuse as old as American banking will hereafter not be possible in starting a new bank until the figure of \$250,000 has been exceeded in cash payments on the stock. There is to be a compulsory system of bank credit, under the supervision of shareholders.

#### BANKING RETURN.

The figures of the Canadian Bank statement for February last will be found in condensed form below, and are compared with those of the previous month. The statement bears date Ottawa, March 18.

##### CANADIAN BANK STATEMENT.

	Feb., 1890.	Jan., 1890.
<b>LIABILITIES.</b>		
Capital authorized..	\$76,029,999	\$76,029,999
Capital paid up....	60,196,603	60,379,499
Reserve funds ....	20,559,333	20,436,332
Notes in circulation	30,267,074	30,879,961
Dominion and Provincial Government deposits....	6,505,864	3,864,060
Deposits held to secure Government contracts & for insurance companies .....	259,202	229,665
Public deposits on demand.....	50,922,513	52,069,119
Public deposits after notice.....	72,740,215	71,089,080
Bank loans or deposits from other banks secured...	157,764	57,382
Bank loans or deposits from other banks unsecured.	1,809,248	1,638,659
Due other banks in Canada .....	722,502	578,542
Due other banks in foreign countries	125,720	113,170
Due other banks in Great Britain...	2,072,184	1,457,653
Other liabilities....	254,330	239,620
<b>Total liabilities..</b>	<b>\$165,926,624</b>	<b>\$166,583,872</b>

##### ASSETS.

Specie .....	\$ 6,242,310	\$ 6,100,969
Dominion notes....	9,676,894	9,545,179
Notes and cheques of other banks..	5,274,635	5,536,227
Due from other banks in Canada.	2,712,864	2,679,808
Due from other banks in foreign countries .....	11,023,658	11,825,942
Due from other banks in Great Britain.....	2,262,339	2,286,783
Immediately available assets.....	\$ 37,192,700	\$ 37,984,908
Dominion Government debentures or stock.....	2,654,903	2,606,236
Public securities other than Canadian.....	5,516,230	5,505,206
Loans to Dominion & Prov. Govts..	999,168	1,514,374
Loans on stocks, bonds, or debentures...	12,135,076	12,467,506
Loans to municipal corporations ....	1,859,799	1,713,967
Loans to other corporations .....	23,850,180	23,891,503
Loans to or deposits made in other banks secured....	297,005	180,089
Loans to or deposits made in other banks unsecured..	258,965	196,847
Discounts current..	149,601,333	149,335,211
Overdue paper unsecured.....	1,095,527	1,187,280
Other overdue debts unsecured.....	105,055	106,400
Notes and debts overdue secured...	1,705,429	1,803,583
Real estate.....	1,097,547	1,071,060
Mortgages on real estate sold .....	736,020	731,528
Bank premises....	3,942,596	3,817,394
Other assets .....	3,242,218	3,190,766
<b>Total assets.....</b>	<b>\$246,289,761</b>	<b>\$247,403,915</b>
Average amount of specie held during the month .....	6,165,794	6,066,292
Av. Dom. notes do..	9,616,273	9,080,085
Loans to directors or their firms....	7,342,002	7,849,067

#### ABSTRACT OF BANK RETURNS. 28th February, 1890. [In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total
Capital paid up..	\$ 34,432	\$ 17,784	\$ 8,019	\$ 60,235
Circulation .....	16,222	10,895	4,749	31,866
Deposits .....	69,586	47,571	14,970	132,130
Loans & Discounts	96,492	67,404	21,293	185,189
Cash and Foreign balances (Net)...	26,661	6,846	3,362	36,869

#### 28th February, 1890. [In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up	\$ 34,486	\$ 17,581	\$ 8,129	\$ 60,196
Circulation ....	15,216	10,452	4,959	30,627
Deposits .....	64,568	49,102	16,488	130,158
Loans & Disc'ts.	101,963	66,592	23,352	191,907
Cash & Foreign balances (Net)...	15,115	8,816	3,075	27,007

#### CANADIAN BANKING.

We have already referred to the paper by Mr. Turner in the *London Bankers' Magazine*, on the subject of Canadian and Australian banking, and last month we gave a *resume* of the reply of Mr. George Hague to that paper, in the shape of a letter to the magazine in question. Mr. Turner's paper showed that its writer had been misinformed, or imperfectly informed, with respect to the nature of banking operations in Canada. He was clearly wrong in several statements, and Mr. Hague, as we have shown, very properly proceeded to set him right. In one important particular, namely, the conditions under which bankers in Australia and Canada respectively carry on their operations, no allowance was made in Mr. Turner's paper for the different circumstances existing in the two countries. We think it well, therefore, to give Mr. Hague's reply in full on this point:

"A long comparison is made between banking in Australia and banking in Canada, but no fair comparison can be made between countries which are so entirely dissimilar in their antecedents, climate, productions, and development. Canadian bankers have long known, for they read the reports in your columns, that the banks in Australia had far larger deposits and did a far larger business in proportion to their capital than the banks of the Dominion. But is this the fault of Canadian bankers? One would suppose from the tone of Mr. Turner's address that bankers created the deposits which they enjoy, and that they had themselves brought about the train of circumstances which resulted in the magnificent business which they are doing. But bankers are not creators of deposits. It is the circumstances of the country that create deposits. Canadian bankers did not clear our forests and make our farms. Neither, I presume, did Australian bankers create its gold mines and ranches. A banker in a country like Canada is no more to blame because deposits are scanty than is a banker in Australia to be praised because deposits are plentiful. If the public of Canada entrusted Canadian bankers with as large an amount of money as the public of Australia does Australian banks, Canadian bankers would doubtless know how to make good use of it.

"The comparison of deposits, however, is not fairly made unless the whole truth is