

Mounted Police to collect Customs dues and assert our authority. Wooden houses are being erected over which the British flag floats and these houses have the word "Canada" painted on them in large letters to show Americans who is the proprietor and master. The movement of the fishermen off Newfoundland and Labrador is regarded in some quarters as a desire to assert American authority over Hudson's Bay.

**Treaty with
Japan.**

Viscount Hayashi is stated to have expressed himself to a representative of Reuter's Agency in the following terms:—

"The new treaty between England and Japan forms an effective safeguard against a renewal of disturbance in the Far East. That is its object. We cannot say that a permanent peace has been secured. That is too much to be sure of, but we can aver that tranquility is assured for a long time to come. This applies not only to Great Britain and Japan, but also to all Powers having interests, political or commercial, in that part of the world, in fact to all who have an interest in maintaining the *status quo*.

I repeat, the treaty is a sure guarantee of peace, for that is its aim and object. It should be clearly recognized by all that it is not meant as a menace to any one. It has no aggressive intention, its object being to secure the peace of the world so far as the Far East is concerned. The treaty is so clearly worded that no further comment is needed, and I am convinced that it will form, as it was intended that it should, a most powerful factor for peace. I hope that the people of both countries will realize this, and will keep the spirit of the treaty for a very long time to come."

**Secret Currency
Condemned.**

In describing the proposals of the Secretary of the United States treasury for providing an addition to the currency, when need-

ful, which he suggested should be known only to the issuing bank and the treasury, we said:

"This extraordinary plea of secrecy will not meet with the approval of bankers in this country, or in the old land."

This view is emphatically endorsed by the oldest and most influential of English financial journals the "London Economist," which says in the latest issue to hand:

"If the conditions under which the emergency issues of currency were sufficiently guarded the recommendation of the Secretary of the Treasury might be acted upon with advantage."

But it is just here that his proposals prove utterly unacceptable. He is apparently anxious above all things that great secrecy should be observed re-

specting these emergency issues. To that end he would make the form and wording of the emergency notes correspond in all respects with those of the ordinary issues, this to be done by "eliminating the statement on the present bank note that, 'This note is secured by bonds of the United States,' and he went on to say that, 'the comptroller of the currency and the bank would alone know of its existence, which would not be advertised.'"

Coming on the back of the disclosure of the insurance scandals in the United States, *this proposal is simply astounding.*

The financial magnates that are involved in these scandals also dominate many of the largest of the national banks, and it would, no doubt, suit their book admirably to be put in a position to manipulate the money market by such issues or withdrawals of paper currency. That would enable them to carry out their Wall Street operations with greater facility and to better advantage to themselves than under the present system, although under it they are able to work markets to their own great gain and the public loss.

We cannot, however, believe that any scheme which would operate in that way would meet with any measure of support amongst the public, or in the Legislature. Nor does the Secretary of the Treasury himself appear to believe that his suggested reform will meet with adequate acceptance, since he is reported to have told the assembled bankers "he was convinced that there would be no further currency legislation until there was a panic occasioned by want of elasticity."

BANKING CONDITIONS IN SEPTEMBER.

LARGE INCREASE IN CIRCULATION AS COMPARED WITH 1904; THE MARGIN BEING REDUCED BELOW THAT OF ANY PRECEDING YEAR; WISDOM OF PROVIDING FOR INCREASE IN DOMINION NOTES; MOST OF THE BANKS HAVE REACHED THEIR CIRCULATION LIMIT; BUSINESS OF CANADA EXPANDING BEYOND ANTICIPATIONS, ARE THERE INDICATIONS OF MORE CAPITAL BEING REQUIRED?

September never fails to make a deep mark on the bank returns. The changes in this month are indeed usually more extensive than in any other. As the wheat-growing region develops this feature is likely to be more pronounced, for the business development will be on lines which are especially dependent upon such accommodation and facilities as the banks are enabled to provide by issues of currency.

In September last the circulation rose from \$62,497,400 to \$69,831,200, an increase of \$7,333,800, which equals 11.70 per cent., as compared with an increase in September, 1904, of 5.60 per cent., which was a low figure, even increases of 10 per cent. in