

circulating notes of four dollars and under amounts to \$10,100,000 more. (We do not take account of the large Government notes, as these are all in the hands of the banks). But taking Government and bank circulation together we have the very large total of close upon \$60,000,000. We lately took occasion to compare the expansion of circulation during the fall season for several years back, the comparison showing that there has been a larger amount of money paid to the people of Canada for their products this year than ever before. It is to be remembered that the circulation of the banks is almost wholly connected with production. Our great importing trade, large as is its volume and important as furnishing revenue to the Government, gives rise to little or no circulation. But circulation arises directly out of production; in fact, it is, in a sense, a measure of production:—only, it must be borne in mind that it is a measure of value rather than quantity. For when prices, especially of grain, are low, a much larger number of bushels is represented by the same amount of bills paid out. This of course goes without saying, though it is sometimes forgotten in statistical comparisons. Though the prices of grain are low, the price of dairy products has kept up for some time at a range almost unprecedentedly high. A price of 11 to 12c. a pound for cheese means a large profit on this branch of farming. Taken altogether it is doubtful whether the producers of Canada in their various divisions of farming, lumbering, mining, fishing and manufacturing ever had as good a year as the present one. All this is beginning to tell on deposits. Bank deposits alone are now at the highest figure ever reported, viz., \$284,000,000; while the deposits in the Government and other savings banks amount to \$70,000,000 more. It is almost certain that these figures will go on increasing as the business year progresses, giving increasing evidence of the power of the people of Canada, not only to find money to carry on business in all its departments, but to lay money by at a rate that has never been before known. The activity of commercial business is again reflected in the increase of loans and discounts, which amount to \$265,000,000, against \$228,000,000 at the same date last year. And that the increase is on a sound basis and reflects a real activity of business, and not men borrowing to pay old debts, is abundantly evidenced by the returns from trade and commerce, and also by the small number and amount of insolvencies.

It is not needful to say that we never experience in Canada, owing to our admirable currency system, those periodical returns of tight money and high rates for call loans, which our neighbors to the south of us are accustomed to. The rate for call loans in Canada is indeed on a high level now, and has been so for months back. But what is that high level? It is only between five and six per cent., while the same class of borrowers in New York have had to pay as much as twelve to fifteen per cent., and occasionally, for a day or two, even more. The truth is, that our currency system produces a most steady money market. The vast sums required yearly to move our crops, and to get out lumber, etc., are provided with ease and without even disturbing the general market; and the rate for call loans never violently fluctuates. It is entirely free from sharp spasms and such violent alternations as a difference between six and twenty per cent. in a single month. And it is perfectly well known that it insures a steady supply of money even to the remotest

districts of the country where any mercantile business is carried on.

Death has been very busy in the ranks of our bankers and merchants during the last few weeks. Toronto has had to deplore the untimely cutting off of one of its most able and prominent bankers, in the person of the late Mr. Gamble, general manager of the Dominion Bank, whose lamentable death in the very prime of his days has been a matter of sincere regret to the whole banking and business community. In Montreal, some weeks ago, the sudden death of Mr. A. G. Thompson deprives the city of one of its ablest and most intelligent exporters of grain. And while this is being written the news is circling through the country of the equally sudden death of Mr. Hugh McLennan, one of the very foremost figures in the mercantile community of Canada. Although, owing to increasing age, Mr. McLennan has not been so prominent of late in business pursuits, it is not long since he was quite at the head of the grain and transportation trade of Canada, and a man who was known in Chicago, Liverpool, Glasgow and London, almost as well as in Montreal.

ABSTRACT OF BANK RETURNS.

31st Oct., 1898.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up	35,965	17,487	9,649	63,051
Circulation	21,204	14,475	6,864	42,543
Deposits	116,469	95,400	36,092	247,961
Loans, Discounts and Investments	125,997	101,573	41,325	268,895
Cash, Foreign Balances (Net), and Call Loans	54,778	32,557	14,146	101,481
Legals	7,668	5,610	3,328	16,601
Specie	4,273	3,047	1,957	9,277
Call Loans	8,604	12,694	2,674	23,972
Investments	10,062	24,214	4,891	39,167

31st Oct., 1899.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up	35,803	18,158	10,365	64,327
Circulation	25,167	16,772	7,639	49,588
Deposits	132,664	109,308	41,795	283,769
Loans, Discounts and Investments	138,631	115,352	47,645	301,119
Cash, Foreign Balances (Net), and Call Loans	62,923	37,024	16,281	116,082
Legals	8,967	6,531	3,268	18,666
Specie	3,977	3,022	2,194	9,194
Call Loans	13,329	17,327	3,998	34,654
Investments	10,446	20,541	5,503	36,524

Government Savings Banks

Montreal City and District Savings Bank

La Caisse d'Economie, Quebec

Loan Companies, 1899

Bank Deposits

\$353,615,000

GOVERNMENT CIRCULATION.

Small

Large

Gold held

WATER POWER.

An industrial revolution is being quietly worked out by reason of the development of enormous water powers. We are apparently returning to the condition of affairs which existed in the early history of the country, when mills and industries generally were situated only on the banks of a stream possessing water-falls. The increased utilization of electricity and the growing up of industries, such as the manufacture of carbide of calcium and wood