power and it was necessary to have a currency reserve of some kind on hand.

It is to be noted that at the end of June the banks had on hand in printed bank notes ready for issue $81,590,323. Of these $71,090,557 were signed and $10,499,766 were unsigned. And they are receiving new notes from the engravers in amounts ranging from $3,000,000 to $7,000,000 per month. However, the monthly wastage averages $3,000,000 throughout the year. In June, 1912, the notes destroyed as unfit for circulation had a face value of $3,471,290.

Thus it is clear that if the banks should consider it advisable to take full advantage of the extra rights of issue beginning 1st September, they have plenty of notes on hand for the purpose. If no further augmentation took place in the supply of printed notes, they could extend their issues to the extent of $30,000,000 and still have over $50,000,000 of their own notes on hand. Probably it would be necessary to have at least $50,000,000 of printed notes in the tills or vaults, at all times. There must be always a considerable amount of currency so placed as to be unavailable for paying over the counter at the particular branches where the need for it arises. A bank may be up to its limit of issue power, and $10,000 or $15,000 of its notes may come in for redemption at a couple of branches which have no opportunity to re-issue them. At the same time other branches might be subjected to demands for currency which they could not supply in the form of the bank's own notes. So all branches must be given a supply even if they do not have an opportunity to use the notes.

THE CANADIAN PACIFIC'S REPORT.

The Canadian Pacific's annual report was issued on Monday in anticipation of the annual meeting of shareholders to be held on October 2. As usual, it contains matter of much interest, apart from the figures of the operations of the year, which closed on June 30. In the east, as in the west, the development of this great system is being continued both by means of direct new construction and by the leasing of existing and projected lines. The approval of the shareholders will be asked at the forthcoming meeting for the construction of over 300 miles of new branch lines in the three prairie provinces, while the extensions of the system to which reference is made in the report are located in New Brunswick, Quebec, Ontario, the Prairie Provinces and British Columbia. It is clear from the report that to some extent the railway has been hampered in its work of making improvements to existing mileage, apart from new trackage, by the lack of labor. The amounts appropriated for new works, exclusive of railway construction, were abnormally large last year. For the enlargement of terminals, additional buildings, shops, second tracks, sidings and improvements of every variety calculated to improve the efficiency of the railway system, and to facilitate the movement of the large and increasing traffic, the amount of $30,000,000 was authorized to be expended and orders for locomotives and cars, representing an expenditure of $25,750,000, were placed. Many of these works cannot be completed within the season with the limited amount of labor available.

The Year's Operations.

As previously announced, the gross traffics for the year ended June 30 last amounted to $123,319,541 against $104,167,808 in 1911, and net traffics were $43,298,242 compared with $36,699,831. From the following comparison, it will be seen that in the last eight years, gross traffics have grown by 167 per cent. and net traffics by upwards of 200 per cent.

Year ended June 30	Gross.	Net.
1912	$123,319,541	$43,298,242
1911	104,167,808	36,699,831
1910	94,989,490	33,839,955
1909	76,313,320	22,955,573
1908	71,384,173	21,791,366
1907	72,217,528	25,303,309
1906	61,669,758	22,973,312
1905	50,481,822	15,475,088
1904	46,469,132	14,213,105

The general results of last year's operations are summarised in the following statement:—

Ordinary Income.*

	1912.
Gross earnings	$123,319,541
Working expenses	80,021,298
Net earnings	$43,298,242
Excess steamship earnings	1,104,448
	$44,402,691
Fixed charges	$10,524,937
Surplus	$33,877,754
Steamship replacement and pension funds	1,125,000
Balance	$32,752,754
Dividends	15,192,234
Net surplus for year	$17,560,518

Special Income.*

Balance, at June 30, 1911	$2,702,205
Interest on cash proceeds and def. payments on land sold	1,817,774
Dividends and interest on securities	3,340,811
	$7,860,790
Dividends	6,750,000
Net surplus	$1,110,790

* Cents omitted.

The working expenses for the year amounted to 64.89 per cent. of the gross earnings, and the net earnings to 35.11 per cent., as compared with 64.77 and 35.23 per cent., respectively, in 1911.

Details of Earnings and Expenses.

The earnings and expenses in detail and principal traffic statistics for the past three years compare as follows:

Gross Earnings.

	1912.	1911.	1910.
Passenger	$31,812,208	$28,165,556	$24,812,021
Freight	79,833,734	65,645,227	60,158,887
Mail and express	11,673,599	10,357,024	10,918,582
Total gross	$123,319,541	$104,167,808	$94,989,490

Operating Expenses.

	1912.	1911.	1910.
Mtnce. way and stations	$17,719,795	$15,561,086	$13,653,938
Mtnce. of equipment	13,608,708	12,056,260	12,567,494
Traffic exp.	2,880,800	2,623,280	2,436,651
Transp. exp.	38,923,050	31,537,518	27,425,238
P. and sl. cars	944,594	731,738	600,796
Inld. steamers	1,064,011	989,769	858,834
Com. telegraph	1,435,944	1,196,899	1,057,783
General expenses	3,444,394	2,771,425	2,548,800
Total oper. exp.	$80,021,298	$67,467,977	$61,149,534

(Continued on page 1263.)