scheduled in the British market. The actual scheduling has made that argument obsolete.

Various views of the proposal to transfer the Intercolonial Railway to the Canadian Pacific Company are being expressed at present. It is easy to see that a variety of private interests are at work, and the exception is to find any one who has a genuine concern for the public welfare. People along the line are candid enough to admit that they want the road run for their benefit, irrespective of the financial result to the country at large. Some would allow one railway company to become nominal proprietor, if another company had an equal right to use the property. The most rational view that has been expressed is, that the Government should not part with the road at present, but should make every effort to make it pay its way. The C. P. R. has running powers over the road at present, and it is argued that it cannot need the property of the road to be vested in it, in order to ensure the establishment of a swift line of Atlantic steamers. What has been granted to the C. P. R. cannot consistently be refused to the Grand Trunk; but all running rights over the road should be on a paying basis, and it is difficult to see why any should be granted at all, except that these other roads control traffic which, in absence of such a privilege, would go elsewhere. Why the transfer of this road should be connected with a fast line of Atlantic steamers no good reason has been given.

BANKING REVIEW.

The figures of the Canadian bank statement for October last will be found in condensed form below, and are compared with those of the previous month. The statement bears date 21st November.

CANADIAN BANK STATEMENT.

LIABILITIES.

	Oct., 1892.	Sept., 1892.
Capital authorized..	$75,958,685	$75,958,685
Capital paid up....	61,809,372	61,652,233
Reserve Funds	24,832,474	24,826,594
Notes in circulation	38,688,429	34,927,615
Dominion and Provincial Government deposits....	6,518,166	5,451,374
Public deposits on demand..........	66,427,727	65,753,885
Public deposits after notice............	99,934,970	98,831,098
Bank loans or deposits from other banks secured...	150,000	150,000
Bank loans or deposits from other banks unsecured.	3,102,931	3,491,261
Due other banks in Canada in daily balances	207,910	126,002
Due other banks in foreign countries	140,977	139,343
Due other banks in Great Britain...	4,321,180	4,373,087
Other liabilities....	209,394	233,799
Total liabilities..	$219,701,774	$213,477,549

ASSETS.

	Oct., 1892.	Sept., 1892.
Specie	$ 6,708,841	$ 6,770,649
Dominion notes....	11,813,254	11,903,854
Deposits to secure note circulation..	1,761,259	1,761,259
Notes and cheques of other banks..	8,954,339	7,899,713
Due from other banks in Canada in daily exch'nges	286,952	196,343
Deposits made with other banks	3,667,835	4,457,187
Due from other banks in foreign countries	22,792,466	24,211,355
Due from other banks in Great Britain..........	1,221,909	1,261,908
Dominion Government debentures or stock.........	3,328,496	3,328,421
Other securities. ...	16,661,570	16,496,625
Call loans on bonds and stocks	20,392,077	19,828,270
	$97,588,998	$98,115,584
Loans to Dominion & Prov. Govts..	2,372,527	1,296,351
Current loans and discounts	194,123,365	188,167,135
Loans to otherbanks secured..........	150,000	150,000
Overdue debts	2,452,155	2,303,589
Real estate........	1,097,134	1,123,258
Mortgages on real estate sold	846,757	839,506
Bank premises....	4,643,095	4,622,679
Other assets	1,643,493	1,514,723
Total assets......	$304,917,753	$298,133,431
Average amount of specie held during the month	6,671,435	6,759,918
Av. Dom. notes do..	11,641,280	12,073,627
Loans to directors or their firms....	7,088,150	7,034,094
Greatest amount notes in circulation during m'nh	39,024,285	35,446,396

The figures of the Bank Statement for this month are remarkable enough. Circulation is at the highest point ever known; so are the deposits; so are discounts and loans, and so are available resources. It might almost be supposed that we were in a period of bank inflation, for this kind of expansion generally occurs during inflation. And as all inflation is sure to be followed by a collapse, any signs that seem to point that way need to be carefully scrutinized.

With every disposition, however, to judge carefully and to take the full benefit of any doubt that may arise, we cannot come to the conclusion that the present period is one of inflation at all. For in looking at these figures we are first confronted by the fact that the circulation of bank notes has risen to the highest point ever known. Now it is well known that this movement of circulation in the fall is an infallible index to the productive power of the country. A circulation like that of Canada, which is not only redeemable, but redeemed, every day, cannot possibly remain out in the hands of the public except as it represents the marketing of the country's production. If the circulation is the highest ever known, it is tolerably certain that our production is of that which is natural and *germane* to the country. These figures represent an increase in the production of our forests, farms, mines and fisheries. It is important to notice this point. It is easy enough to have increased trade by buying more goods abroad on credit, and selling more goods to the interior, also on credit. It is not difficult moreover to increase the production of the country by manufacturing more goods. But none of these operations touch circulation at all. The increase in the circulation this fall arises solely from increased purchases of grain, cheese, animals, and other farm products; and the high average volume of circulation rests upon a high average production of all other exportable articles. But this is not all. We have before us the striking phenomenon of a very heavy increase of circulation concurrently with the lowest prices for grain that have been known for years. If the price of wheat had been double what it is, and farmers were receiving $1.50 per bushel for wheat instead of only 70 cents, there would have been a vastly greater expansion of circulation than has taken place. And there might be some fear of inflation in imports and manufactures following it. But when prices are low and circulation large in spite of it, it is evident that the production of the country has been heavily increased, and that in all probability the natural productive forces of the Dominion, taken as a whole, are increasing constantly.

In confirmation of this view, we have the fact that the exports of the country are larger in volume and value this year than ever; a most gratifying fact, for this after all is the foundation of all the rest of our business. Our exports represent our power to supply the world with various articles that the world wants, after first supplying all our own wants with regard to those self-same articles. We export food after reserving all we want to feed ourselves. We export building material after keeping back all we want for our own buildings. It is quite certain that we never send anything out of the country that we want for ourselves. It is equally certain, also, that our exporting power is the true measure of our power to buy in the world's markets the articles that the world produces and which we desire.

Now there can be no general inflation unless there is a much larger purchasing of goods from abroad than we are able to pay for with our own production. There are certainly no signs of this at the present, but the contrary, taking the country as a whole. There may be inflation in a particular locality in regard to a particular line of things, and that locality, if there be such a one, will have to look out for the reaction and collapse that will follow. But there is certainly nothing in the way of unnatural and general expansion, for the prices of all our exports, and of our manufactured products too, are on a low average scale.

The fact that the deposits and discounts of the banks have been steadily increasing for some time back is not therefore a matter to cause uneasiness amongst the commercial community. If circulation has increased, there has been a necessity for a corresponding enlargement of loans based on saleable articles of exports; which articles of export are a good foundation also for our whole importing trade, which again requires to be supported by loans, and which gives rise to trade discounts. So far as our manufactories are concerned, the banks of Canada, as a rule, are far too shrewdly managed to fall into the danger of locking up money in advances resting on buildings and plant, and we have little doubt that with all the experience of former years to guide them, our bankers are increasingly alive to the importance of basing all their operations on merchantable and saleable commodities.