

IMPORTANCE OF GOLD BASIS.

In the course of the discussion regarding the emergency financial legislation recently passed at Ottawa, Sir Wilfrid Laurier enquired if the Treasury at present is able to obtain all the gold it needs from the production of the country or whether it has to import any gold. Hon. W. T. White, in the course of his reply, said:—

"My right honorable friend knows that when the Dominion buys gold it must pay for it in gold. Therefore, at the present time it is no object to the Dominion to buy gold and pay out gold if that gold leaves the country. In the provision which I have inserted in this Dominion Notes Act whereby Dominion notes may be issued against bar gold as well as against gold coin, it is in my mind that we shall be able without depleting our balances with the bank to purchase bar gold the product of Canada of the requisite degree of fineness. The present method of purchasing gold through the mint is that they tender for gold no matter where it can be bought, whether in Canada or the United States. They require bar gold of a certain fineness. They may have to refine it a little more after they get it, but the gold purchased is converted into coin here. I have taken the matter one step farther by this amendment to the Dominion Notes Act. If bar gold is available, whether bearing the stamp of the United States Government assay office or of the Royal Mint, or any branch thereof in Canada or Australia, we may pay for it by the issue of Dominion notes against it. That would not deplete our financial reserves. If I attempted to buy gold now that was not of the degree of fineness which would enable the Mint to coin it into specie, or gold currency, I would have to pay out gold to get that and thus impose quite a strain upon our reserves at the present time confronted as we are with the programme I indicated to the House yesterday.

CONSERVING GOLD.

"In answer more especially to my honorable friend, it is not an object of the Government just now to buy gold, but it is an object of the Government at the present time to conserve its gold; and therefore, we have, as a corollary of the action that we took in making bank notes legal tender so far as the obligation of the banks to the public is concerned, discontinued the redemption of Dominion notes in gold. That was found necessary in order to conserve the gold resources of the country. My honorable friend has had in mind, what of course any financial man would have in mind, namely, the supreme importance of not inflating the currency beyond the point upon which we can readily get back upon a gold basis. At the present time, like other countries, we are not upon a gold basis. The United States to-day is upon the basis on which it was in 1907. Payments are being made by clearing-house certificates; but nothing that we are doing at the present time in connection with the Dominion Notes Act, and nothing I hope that we shall be obliged to do in the future to meet the situation by issuing Dominion notes, will put the Dominion in a position in which its note currency will be so inflated that we shall not within a reasonable time be able to get back upon a gold basis. If we should have to take action in the future that would make it difficult for us for a long time to get back upon a gold basis certain evils would fol-

low that it is not necessary to advert to here. We hope to be ready, as soon as the necessity no longer exists of conserving our gold supply, to return to a gold basis. This extension from thirty million dollars to fifty million dollars does not in any way affect the circulation on account of the notes in the hands of the public and the amounts the banks are required to hold under the provisions of the Bank Act."

MONTREAL BANK CLEARINGS DOWN.

Local bank clearings, after making a high record for the year in July, fell to \$190,434,006 in August, a \$78,000,000 decline from July and a \$42,000,000 decline from August a year ago.

The main factors in the decrease, which made the August total the smallest of the year, the smallest in fact, for any month since February, 1912, were, of course, the temporary disorganization in export business and the complete cessation of stock market business resulting from the war.

For eight months the 1914 total stands some \$70,000,000 lower than the same period last year. Figures by months for the two years follow:

	1914.	1913.
January	\$224,224,521	\$247,913,102
February	210,183,428	210,727,399
March	212,186,053	207,856,733
April	226,507,036	238,081,963
May	234,782,296	248,445,965
June	234,737,813	242,716,548
July	268,847,793	243,647,983
August	190,434,006	232,700,313
	\$1,801,902,446	1,872,090,006

EXTENDING AUSTRALIAN TRADE.

Mr. W. McRae, inspector of the Bank of New South Wales, Sydney, Australia, has been in Vancouver looking over the situation with a view to extending the business of the bank there. He reported trade in a flourishing condition in Australia, with a great deal of building going on. The rise in the price of meats has brought a large increase of profit to the cattlemen, while on the other hand raising the price to the Australian consumer. Sheep has shared the advance with cattle, and the exportation of meat products is now one of the largest items in the Australian trade. The steadily increasing demand for the high-grade Australian wool by the large European and American manufacturers is also a contributing feature to the export trade. The uniformly favorable crops have brought great wealth to the land owner, and the price of land has risen steadily for the past five years.

PRIVATE BANKING FIRM SUSPENDS.

Ray, Street & Company, private bankers, of Fort William, Ont., have closed their doors and have issued a brief statement that their assets exceed their liabilities by a large margin, and that they hope to open their doors again in a month.

A meeting of depositors will be held at the end of the week, when a full statement will be produced. It is said unofficially that a great percentage of the assets are in the form of Twin City real estate, for which at the present time there is a very small market. Many business houses and individuals in both Fort William and Port Arthur are affected.