

We fail to comprehend Sir John's objection to the raising of any question founded on the omission to include the Columbia among the rivers on the Pacific coast, having their mouth in American and their upper portions in British territory, of which the freedom has been secured to British subjects. A sufficient answer would have been the mere statement of the fact that the Columbia river is not navigable into British territory; that it is so neither naturally nor artificially. The reader will understand what we meant when we said the debate was not exhaustive if we add the remark that not a single member of the House noted this fact or seemed to be aware of its existence. But that does not alter the fact that the debate was, take it all in all, the ablest that was ever heard in a Canadian Legislature.

The acceptance by the United States Senate of the additional article to the Treaty of Washington, (with some alterations, which, it is expected, England will accept) proposed by England, which gets rid of the difficulty arising out of the claim for indirect damages, assures the complete success of the Treaty, and with it the dispersal of the cloud which for a time threatened to interrupt the peace between the two contracting powers. This removes all cause of anxiety for the immediate future of this Dominion, which would be the battle ground in every war between England and the United States.

BANKING REVIEW.

There is a singular remissness in the management of the Banking returns published by the Auditor's department in Ottawa. We and others have often had to complain of their tardy appearance, which has sometimes been protracted to such an extent as almost to destroy their value, and this month there has been a piece of carelessness which spoiled what otherwise would have been a prompt publication. In the *Gazette* of the 18th inst. the return being complete in other respects, the liabilities of one bank were omitted (the assets of the same bank being given) which rendered it impossible to obtain a correct total,—although the columns were cast as if no omission had taken place. A little more supervision of these returns is evidently required before they come forth to the public.

The following synopsis of the condition of the banks of Quebec and Ontario is taken from the returns published on the 25th inst. the return for the 31st March being added for purposes of comparison:—

LIABILITIES.		
	March 31.	April 30.
Authorized Capital ..	\$46,566,666	\$46,566,666
Subscribed do ..	43,277,466	43,631,926
Paid up do ..	41,093,089	41,662,318
Notes in circulation ..	23,209,797	21,759,426
Government Deposits	10,673,572	10,313,901
Other do ..	46,360,861	47,632,771
Due to Banks in Canada	1,237,780	964,960
Due to other Banks not in Canada	1,457,162	2,248,251
Liabilities not included in above.....	12,202	64,974
Total Liabilities ..	\$82,951,375	\$82,982,247
ASSETS.		
	March 31	April 30.
Specie	\$6,544,386	\$6,524,048
Provincial Notes	6,965,175	6,825,358
Notes and Checks of other Banks	3,788,125	3,973,171
Balances due from other Banks in Canada ..	1,612,096	1,289,767
Balances due from other Banks not in Canada	12,095,773	12,604,750
	\$31,005,555	\$31,217,094
Government Debentures or Stock	1,422,604	1,379,104
Loans to Government..	501,793	501,793
Loans to Corporations	1,719,095	1,542,514
Notes Discounted, (including notes overdue)	96,482,468	97,813,243
Real Estate other than Bank premises	824,995	765,259
Bank premises	1,791,812	1,813,211
Other assets not included in above	1,381,563	1,434,484
Total Assets	\$135,129,883	\$136,466,709

From the *Gazette* of the 18th we find that the circulation of Dominion Notes was \$10,526,000, \$396,000 of which was fractional currency. As \$6,825,000 of these notes were in the hands of the banks of Ontario and Quebec, the banks of the Maritime Provinces holding probably \$500,000 more, it follows that the circulation, properly so called, of Dominion notes, that is, the amount in the hands of the public, was \$2,815,000. Almost the whole of this is in the form of one and two dollar bills, and this amount represents what the banks had to give up of circulation under the new banking law. On the other hand they have been released from the obligation to hold Government securities, as well as from the tax formerly chargeable on their issues, and their circulation, in spite of the surrender of the small notes, is now larger than ever before. Before the introduction of a Government currency by Mr. Galt, when the Bank of Montreal surrendered its large circulation to adopt it, the issues of the Banks ranged from \$10,000,000 to \$12,000,000. On 31st March this year as the above return shows they amounted to \$23,000,000. And adding the Government notes in *bona fide* circulation to these, we arrive at a total of nearly \$26,000,000. These figures point to an extraordinary development during the

last ten years, and only confirm what so many other signs demonstrate, of the vast strides taken by the industrial interests of Canada.

Some may be inclined to think these issues excessive, and if they follow the theories of a certain school of thinkers in Britain and elsewhere, they will attribute the high prices prevailing for almost all articles to an over-expanded circulation and be ready to prophecy a reaction from the present apparent prosperity.

To this there are two answers. First that issues can never be over abundant when a regular system of redemption in gold or its equivalent is kept in operation; and second that the prices prevailing here for all articles whatever depend on the prices at which the same articles are current in the leading markets of the world. It is not a local inflation therefore (if there is inflation), and hence it cannot be caused by the expansion of a local circulation. The truth is, we have had for some years an extraordinary increase in production. Especially was the grain harvest of last year a remarkable one. Considering both the abundance in quantity and the price obtained for it, we are inclined to think the crop was worth fully double an average one. And considering that these crops are bought and moved to market by means of circulating notes, it will be seen at once that a large increase of circulation must arise from this cause alone. Then our timber production has been steadily advancing in value,—that is in the market to which it is exported. The amount of money required to produce both sawed lumber and square timber has been rising every year, and at this moment is probably double what it was ten years ago. Here again we have an element of increased bank issues. Then there are our railway constructions and extensions which absorb vast sums of money; the development of mining enterprise in the North-west; the opening up of Manitoba; and the increase of manufactures. All these call for more circulating notes, so that although the increase has been so remarkable we think it fully accounted for by the circumstances of the country; and sure we are that so long as redemption in specie is maintained it will be impossible to keep more notes in circulation than business requires; just as impossible as to overfill a vessel already charged to the brim with water. Redemption in gold is a perfect self-acting regulator, and infallibly puts right any over issuing, if such a foolish thing is attempted.

Since our last review several banks have declared their dividends. The Bank of Montreal still maintains its dividend with