

as to the probable movement of gold, cannot take into their calculations very much outside of the known movements of imports and exports, and some few special international financial transactions that they happen to know about.

So far as our own net import of gold is concerned it would appear that the favorable balance of trade has had comparatively little to do with it. One of the most important causes has been the great expansion in the liabilities of our banks. Deposits of the banks and their note circulation have grown very rapidly since 1899. Although the bankers, naturally, have invested the greater part of the increased funds thus entrusted to them, in loans and discounts to Canadian farmers, merchants, manufacturers, etc., they have been obliged also to increase their cash reserves. The total liabilities of the chartered banks on 31st December, 1899, amounted to \$336,018,630; on 31st August, 1904 they were \$559,781,428.

The cash holdings of the banks are to be found under the headings of "specie," "legals," and "notes and cheques of other banks." With respect to the last named, the holdings of these are converted into legals as expeditiously as possible, the bulk probably on two days after receipt. The favorite form of cash holding is "legals." They are convenient to handle, they constitute the accepted mode of settling differences at the clearing houses, and they are based solidly on an ample reserve of specie held by the Receivers General. Therefore, as their liabilities and the volume of their business increased, the banks have, in order to augment their cash reserves, purchased cash abroad and imported it just as merchandise is imported. This cash was taken, of course, in the shape of gold; some of it, the banks kept themselves, but the greater part they turned in to the Dominion Treasury in exchange for "legals." As the increase in the stocks of gold held by the banks and the Receivers General exceeds the net importations of the metal during the period under review, probably the balance of five millions came from our own mines.

This movement on the part of the banks to strengthen their cash reserves would account also for a very large part of the increased volume of Dominion notes issued by the Government.

H. M. P. ECKARDT.

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—It was to be expected that denial would be promptly made of the improbable story which emanated from Montreal on Sunday as to the intended amalgamation of Canadian Banks. And it has been denied, we see, the authorities of two of the principal institutions named having discredited the rumor. How such stories arise one cannot easily tell. Some such rumor went the rounds of the daily press a year ago about four Maritime Province banks being rolled into one, but there was nothing in it. Whether interest, or a desire for gossip starts such reports it is hard to say. It may be that, applying to such busybodies the phrase of Sir Henry Taylor, "We figure to ourselves the thing we like, and then we build it up as chance will have it, on the rock or sand." But there is so far as we can see, no argument for utility in such reports as this last. The banks referred to are doing well enough; they are competently managed, and there does not appear to be any reason for the application in their case of the doctrine so often invoked now-a-days on behalf of the amalgamation of industrial concerns, that it is necessary to consolidate several factories to save expense.

## BANK STATEMENT.

We present below a condensation of the monthly statement of Canadian Banks for November, 1904. It is compared with the Bank Statement for the previous month, and shows capital, reserve, assets and liabilities, averaging holdings of specie and Dominion notes, etc.:

### Canadian Bank Statement.

LIABILITIES.		Nov. 1904.	Oct. 1904.
Capital authorized .....		\$100,546,666	\$100,546,666
Capital paid up.....		79,851,310	79,747,011
Reserve Funds .....		53,426,775	52,480,152
Notes in circulation.....		\$69,426,931	\$72,226,306
Dominion and Provincial Government deposits .....		8,030,479	8,281,716
Public deposits on demand in Canada..		133,138,746	130,969,564
Public deposits at notice .....		317,914,322	315,323,431
Deposits outside of Canada .....		40,038,126	33,200,104
Bank loans or deposits from other banks secured .....		1,000,923	963,456
Due to other banks in Canada .....		5,248,949	6,019,329
Due to other banks in Great Britain ....		3,881,800	4,866,137
Due to other banks in foreign countries..		1,302,038	2,845,426
Other liabilities .....		8,663,105	8,210,034
Total liabilities.....		\$588,645,497	\$582,905,579
ASSETS.			
Specie.....		\$17,849,746	\$17,048,358
Dominion notes .....		37,193,912	36,048,332
Deposits to secure note circulation.....		3,328,771	3,328,771
Notes and cheques on other banks .....		23,986,585	25,357,557
Loans to other banks, secured .....		1,001,269	963,455
Deposits with other banks in Canada ....		8,179,734	7,670,209
Due from banks in Great Britain.....		14,514,627	11,392,418
Due from other banks in foreign countries .....		21,988,618	18,723,722
Dominion or provincial Govt. debentures or stock .....		11,780,594	10,983,264
Other securities .....		55,657,287	56,016,633
Call loans on bonds and stocks in Canada		36,279,761	36,233,712
Call loans elsewhere .....		44,213,180	44,603,469
		\$275,974,084	\$268,369,900
Current Loans in Canada .....		415,297,503	416,344,885
Current Loans elsewhere .....		17,911,048	19,426,308
Loans to Dominion and Provincial Governments.....		2,361,926	2,547,759
Overdue debts .....		2,044,015	2,358,554
Real estate ..		738,440	793,193
Mortgages on real estate sold .....		830,844	731,310
Bank premises .....		10,445,893	10,336,420
Other assets .....		6,559,941	6,054,756
Total assets .....		\$732,163,884	\$726,963,269
Average amount of specie held during the month .....		16,992,675	16,848,041
Average Dominion notes held during the month.....		35,615,596	35,120,194
Greatest amount notes in circulation during month .....		74,216,072	72,716,817
Loans to directors or their firms.....		9,836,685	9,933,136

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—When a valuable man is called away suddenly from the sphere of public duty, it is natural for people to ask, who will be his successor? If the post is a political one, we are accustomed to expect party affiliation to have something to do with the appointment. There was general agreement, we believe, that the personnel of the Transportation Commission was satisfactory. All its members were acquainted with both water and rail communication. One of the members, Mr. John Bertram, was removed by death. To fill his place it is proposed, so an Ottawa telegram of