and the United States should, in his opinion, be friends. In the end, not only they, but the original Dutch and their South African offspring, will become good friends, in that future which must, to the latter's excited imagination, now be beginning to look so dark.

PREFERENCE AND IMPERIAL FEDERATION.

What goes under the name of Tariff Preference has not sufficed to turn the scale in favor of British imports. Preference was accompanied by other changes, which have increased relatively the force of the current in favor of American and against British trade. Under the preferential tariff the imports of Canada from the United Kingdom have in two years risen from $33,000,000 to $37,000,000. But the actual imports from Great Britain cannot be considered alone; to get at the whole truth they must be compared with those from the United States; and as we have increases from both countries the test is, from which the greatest relative increase has come. The increase in the imports from the United States, represented by the figures $59,000,000 to $91,000,000, is $31,000,000, against an increase of only $4,000,000 from England. The theoretical intention to give a preference to English goods has worked out on the rule of contraries. In this state of the facts we must either cease to claim credit for an intention that has not been realized, or, if the avowed policy is to be adhered to, we must so manage that it will cease to belie our intentions.

There was a period in the commercial history of the country when trade preference was not only not desired by England, but when a colonial demand for it was treated as a sign that the legitimate term of colonial existence had been reached. Mr. Gladstone, April 3, 1846, as Secretary of State for the Colonies, wrote a despatch on the trade of Canada, in which he said: "It would be a source of the greatest pain to Her Majesty's Government that the connection between this country and Canada derived its vitality from commercial preferences, if so to suggest the idea that the connection had reached the legitimate term of its existence." This statement is the more extraordinary from the fact that up to that time the colonial connection had rested on mutual preferences. Mr. Gladstone cannot have meant to convey the idea the Preference was a new thing, but only that it had served its day and was now out of date. So the Manchester School thought; but the Manchester School did not originate the theory that all colonies are, in the course of time, destined to become independent. That idea was born of the American revolution, and it formed the dominant note in the debates in the British Parliament on the Canadian rebellion, in 1838. Since then there has been a reaction, now apparently overpowering, due largely, if not wholly, to the Imperial Confederation idea.

But whether Imperial Federation is destined to become a practical reality is yet in doubt; and under the influence of the glamor of the South African war, which draws all sections of the Empire in closer bonds, imperialism, to the ordinary imagination, looms large. Mr. Tarte takes credit for having stipulated that the despatch of Canadian volunteers to the seat of war, without the prior consent of Parliament, should not be drawn into precedent. An act which, however it may be sanctioned by the public voice out of Parliament, if it be illegal can never become a precedent. But what has been done once, for reasons of national urgency, may be done again without reference to precedent. The elder Pitt, in a time of war, issued general warrants which he afterwards admitted he knew at the time of issue to be illegal, but he did so in the interest of public safety; and when his successors issued such warrants, under the stress of no such national exigency, and pleaded precedent, his voice was heard in strenuous opposition. The question of Imperial Confederation is not to be carried by a shout in a moment of super-excitement. If carried at all, as it may be, it must be carried after public opinion, in the different parts of the Empire, becomes convinced that it is for the best. We have not yet even begun to discuss any practical plan of realizing the general idea of Imperial Confederation, and a long time must elapse before such a plan can be put into operation.

FINANCIAL REVIEW.

We give below a condensation of the figures of the statement of Canadian banks for the month of Oct., 1899. It is compared with the bank statement for the previous month, and shows capital, reserve, assets and liabilities, average holdings of specie and Dominion notes, etc.:—

CANADIAN BANK STATEMENT.

LIABILITIES.	Oct., 1899.	Sept., 1899.
Capital authorized	$76,808,664	$76,808,664
Capital paid up	64,327,636	64,183,377
Reserve Funds	29 630,785	29,591,769
Notes in circulation	$49,588,236	$46,682,028
Dominion and Provincial Government deposits	6,277,471	6,221,662
Public deposits on demand	100,799,465	97,068,793
Public deposits after notice	172,037,773	170,293,952
Bank loans or deposits from other banks secured	706,090	429,017
Bank loans or deposits from other banks unsecured	3,950,800	4,512,940
Due other banks in Canada in daily balances	190,534	201,817
Due other banks in foreign countries	1,390.716	892,526
Due other banks in Great Britain	5,927,798	5,194,829
Other liabilities	417,056	411,242
Total liabilities	$341,286,017	$331,908,896
ASSETS.		
Specie	$9,194,944	$9,263,464
Dominion notes	18,666,887	18,335,535
Deposits to secure note circulation	2,071,443	2,092,763
Notes and cheques of other banks	12,400,827	10,240,936
Loans to other banks secured	616,645	461,610
Deposits made with other banks	4,720,341	5,232,044
Due from other banks in foreign countries	28,067,780	29,408,462
Due from other banks in Great Britain	13,521,740	12,488,825
Dominion Govt. debentures or stock	4,893,727	4 901,401
Other securities	31,631,862	30,435,185
Call loans on bonds and stock	34,654,363	33,157,178
	$160,440,559	$156,017,403
Current loans and discounts	259,848,951	254,433,667
Loans to Dominion and Provincial Governments	2,297,142	1,827,436
Due from other banks in Canada in daily exchanges	296,724	312,115
Overdue debts	2,450 463	2,342,824
Real estate	1,728,448	1,687,658
Mortgages on real estate sold	628,753	625,126
Bank premises	6,244,311	6,225,058
Other assets	3,851,503	4,417,400
Total assets	$437.787.044	$427,888,875
Average amount of specie held during the month	9,344,411	9,350,912
Average Dominion notes held during the month	18,295,885	18,428,904
Greatest amount notes in circulation during month	50,454,221	47,131,046
Loans to directors or their firms	7,355,011	7,344,033

The extraordinary buoyancy of business in the Dominion is again reflected in the expanded figures of the banking returns for October, which are the largest on record. The circulation of the banks has reached the unprecedented figure of $49,500,000, while the Government