

place in the discounts and loans, with a corresponding increase in the investments of the bank in bonds and other interest-bearing securities. But these are yielding less and less of a net return of interest, and it is obviously not a profitable business to exchange loans and discounts bearing 6 per cent. for bonds and debentures bearing 3½ to 4 per cent. The managers of our banking institutions are wise in strengthening the position of their respective banks as much as possible. And these investments, though not profitable, are undoubtedly safe. But after all, the purpose for which charters were granted to banks was to further the mercantile business of the country. And while it is quite probable that the legitimate wants of mercantile customers have been well attended to so far, it certainly would be most undesirable for mercantile loans to be called in and mercantile enterprises restricted in order that the funds of banks might be invested in bonds and debentures.

However, if the revival of business takes place, which we have been shadowing forth as a possible contingency, there may be such a demand for funds for mercantile purposes as will entirely reverse the process which has been going on for several years back, and this will make banking more generally profitable.

from the several South American republics have been entertained in the large cities of the United States, and every effort made to impress them with the commercial importance of the country, with the object of developing foreign trade. The entire purchases of the merchants in all the South American countries in the United States last year amounted to \$33,000,000 in value, while during the same year Canadians bought goods in the United States, according to Congressional statistics, valued at \$66,000,000. The *New York Journal of Commerce and Commercial Bulletin*, commenting upon the distribution of the exports of the United States, says: "We not only refuse to make any trade concessions to Canada, but we single out Canadian products that never could or would come in here extensively enough to hurt our own producers, and impose what are designed to be prohibitory duties on them; we try to cut their transportation routes entirely out of our business, and finally we resort to laws designed only to irritate the Canadians, such as making it a crime to employ on the American side of the line anyone who lives on the Canadian side. And yet Canada is as good a customer of ours as all South America put together, and we pretend to be extremely anxious to develop our trade with South America."

In the international exchange of products between Canada and the United States the balance of trade rests with the latter country, and the tendency of the trade of the past two years has been towards an increase of Canadian imports from the United States and decreased exports. During the eight months ending 28th February, according to the statistics of the United States Treasury Department, the imports from Canada into the United States amounted to \$24,482,438, or \$3,544,878 less than the same period the previous year, while the exports from the United States to Canada within this period amounted to a value of \$42,348,351, an increase of \$3,282,337 over the same eight months in 1896. By the ordinary process of reasoning Canada should be a much valued customer of the United States, her purchases from that country exceeding by 72 per cent. her exports within that period. Canadians might, in view of these statistics, reasonably expect trade concessions from Congress, but instead of giving any advantages to the commerce of this country, the Federal legislature under the present administration has seemingly taken every opportunity to injure Canadian trade interests. The principles upon which international trade rests are, in the main, not unlike those which underlie the trade between individuals. Trade begets trade, and if we are compelled to look abroad for markets in which to sell our products, then we must in the same country make our purchases.

The motto "Manufacture Here, Sell Everywhere," has been accepted in good faith by several prominent newspapers in the United States as representing the policy which should guide the commercial interests of a great nation. This is the spirit which apparently dominates the Republican Administration at Washington. If the canons of political economy as laid down by Adam Smith and the economists be false, then the United States may succeed in carrying out the maxim which it has adopted. But the principle that a degree of reciprocity is necessary to constitute a successful international trade, has a deeper authority than the writings of economists. It is based upon the experiences of centuries of trade history. The almost unanimous decision of the prominent lumbermen of Ontario, at the meeting to which we made reference in our last issue, to recommend restricted exports of Canadian logs, is an indication of the results that are likely

ABSTRACT OF BANK RETURNS.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in the other Prov's.	Total.
Capital paid up	34,819	17,790	9,595	62,204
Circulation	14,383	9,586	5,606	29,575
Deposits	94,697	74,786	28,492	197,975
Loans, Discounts and Investments	117,926	83,572	36,941	236,439
Cash, Foreign Balances (Net), and Call Loans	35,341	24,088	9,452	68,881
Legals	6,602	4,762	2,934	14,298
Specie	3,667	2,967	1,629	8,263
Call Loans	4,227	7,354	1,071	12,652
Investments	6,928	12,150	4,850	23,928

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in the other Prov's.	Total.
Capital paid up	35,015	17,292	9,645	61,952
Circulation	15,813	10,774	6,122	32,709
Deposits	104,122	79,995	31,147	215,264
Loans, Discounts and Investments	117,030	84,195	38,700	239,925
Cash, Foreign Balances (Net), and Call Loans	44,801	29,722	11,717	86,240
Legals	7,532	5,704	3,403	16,639
Specie	4,029	2,708	1,745	8,482
Call Loans	4,759	9,378	1,577	15,714
Investments	7,943	16,484	6,227	30,654

Government Savings Banks	\$48,395,000
Montreal City and District Savings Bank	10,251,000
La Caisse d'Economie, Quebec	5,540,000
Loan Companies, 1896	19,000,000
Bank Deposits	\$ 83,186,000
Total Deposits of all kinds	215,264,000
	\$298,450,000

GOVERNMENT CIRCULATION.

Small	\$ 7,849,331
Large	15,607,000
	\$23,456,331

Gold held, \$11,859,632, or 50.56 per cent.

CANADIAN TRADE RELATIONS WITH THE UNITED STATES.

That the unfriendly attitude assumed by the present Government of the United States towards Canada in regard to trade matters is inspired by political motives becomes apparent in the absence of economic reasons to justify it. During the summer months representatives