

made for carrying the proposal into effect without authority being first obtained from the shareholders. Another important fact stated by Sir Henry, is that the Canadian Government has agreed to contribute £76,000 toward the St. Clair tunnel; it has, however, refused to make a grant in aid of the projected line to Sault Ste. Marie, to which the Grand Trunk is not yet committed, or the double track between Montreal and Toronto.

BANKING RETURN.

The figures of the Canadian bank statement for May last will be found in condensed form below, and are compared with those of the previous month. We are compelled to hold over until next issue our usual two-page table of bank figures.

CANADIAN BANK STATEMENT.

	May, 1888.	April, 1888.
LIABILITIES.		
Capital authorized..	\$ 75,279,999	\$76,079,999
Capital paid up....	60,167,266	60,967,011
Reserve funds	18,686,215	18,041,215
Notes in circulation	29,278,074	30,742,577
Dominion and Provincial Government deposits....	8,943,099	8,170,228
Deposits held to secure Government contracts & for insurance companies	375,080	364,541
Public deposits on demand.....	50,069,017	49,035,746
Public deposits after notice.....	61,674,561	60,600,304
Bank loans or deposits from other banks secured...	919,185	1,035,973
Bank loans or deposits from other banks unsecured.	1,465,032	1,853,515
Due other banks in Canada	802,535	816,777
Due other banks in foreign countries	205,909	227,364
Due other banks in Great Britain...	2,280,948	1,874,753
Other liabilities....	828,916	220,760
Total liabilities..	\$156,842,356	\$154,942,544
ASSETS.		
Specie	\$ 6,351,247	\$ 6,294,255
Dominion notes....	10,600,895	10,435,657
Notes and cheques of other banks..	5,496,339	6,282,404
Due from other banks in Canada.	3,253,909	3,300,175
Due from other banks in foreign countries	17,344,919	15,344,599
Due from other banks in Great Britain.....	1,931,891	2,347,876
Immediately available assets.....	\$ 44,979,200	\$44,004,966
Dominion Government debentures or stock.....	2,141,164	2,085,206
Public securities other than Canadian.....	3,819,298	3,842,340
Loans to Dominion & Prov. Govts..	1,570,110	1,562,625
Loans on stocks, bonds, or debent.	10,739,872	10,651,015
Loans to municipal corporations	2,867,608	2,718,447
Loans to other corporations	19,232,216	17,866,234
Loans to or deposits made in other banks secured...	1,024,146	1,218,639
Loans to or deposits made in other banks unsecured..	119,071	241,517
Discounts current..	137,766,265	138,546,438
Overdue paper unsecured	1,084,766	1,765,960

Other overdue debts unsecured.....	161,432	141,317
Notes and debts overdue secured...	1,609,918	1,860,362
Real estate.....	1,082,251	1,143,637
Mortgages on real estate sold	692,080	711,163
Bank premises....	3,644,505	3,691,375
Other assets.....	3,140,243	3,338,357
Total assets.....	\$235,874,147	\$235,389,608
Average amount of specie held during the month	6,266,303	
Av. Dom. notes do.	10,664,722	
Loans to directors or their firms....	7,767,738	7,780,252

THE FINANCES OF QUEBEC.

Mr. Shehyn, in his budget speech, has presented a view of Quebec finances which enables us to judge pretty accurately of the situation. At the end of the last fiscal year there was a deficit of \$1,445,533.08, due, Mr. Shehyn tells us, to the acts of his predecessor, by whom the revenue had been over-estimated and the expenditure under-estimated. But the whole difference is not accounted for in this way. The supply vote seems to have been inadequate. However this may be, there was a net floating debt on the 30th June last of \$3,561,466.77, counting available assets by which the gross sum, a larger item, could be reduced. It is impossible not to agree with Mr. Shehyn when he says that the only way to pay off this floating debt is to issue debentures. The floating debt costs more to carry it than the consolidated loan. The only question is whether the loan was made on the best terms obtainable. A four per cent. loan for three millions and a half brought 96½, payable in New York, the Credit Lyonnais having been employed as the agency to secure it. If it cost less than some previous loans, that is due mainly to the fact that the general rate of interest has declined. Mr. Shehyn claims that, by comparison, there is a difference of from 12½ to 16½ per cent. in favor of the present loan. The comparison extends back eighteen years; and in that time the difference in rate of interest payable by some governments represents a much larger figure.

But Quebec has been piling up debt apace. Mr. Shehyn gives the liabilities at the end of June last at \$22,188,700.08, and assets at \$10,859,058.10, showing a liability over assets of \$11,329,648.68. The assets are of various qualities. One thing is certain, the Province of Quebec has shown a remarkable talent for incurring liabilities, and this will account for the comparatively slow rise of its credit. It is, perhaps, remarkable under the circumstances that its credit stands so high as it does. The loans which the debt represents have not been all wasted by any means. Large loans have been spent on railway development, which bring an indirect return far in excess of the outlay. If the finances of the Government must have been subjected to pressure, the Province is not the poorer but the richer for these liabilities. But the time has come when caution should succeed to energy; for it will be difficult without resorting to direct taxation, which the Province is not ripe for, to make both ends meet. The financial policy of the Province

has been too much of a marauding policy, embracing a series of attacks on the Dominion treasury. To this resource there is a limit; the policy of depending on the federal treasury must have an end, notwithstanding the recent preparations for a combined assault upon it. We do not think the attack will succeed, or that it deserves success. If the provinces are spending beyond their present resources, the obvious remedy is to supplement them in the way authorized by the constitution.

Mr. Shehyn does not pretend to be able "to indicate anything like exactness" in the result of the current fiscal year, which will close in a few days, but he tells us that on the 1st April there was a surplus of \$765,021.51, and that this figure will probably not be materially reduced at the end of the year. That much-objected-to and much-litigated resort, the tax on commercial corporations, which has yielded \$557,165, the accumulation of years paid within one year, goes to account for this favorable interpretation. Timber dues and the rents of timber berths have been greatly increased, and a large increase from woods and forests, \$150,000 a year, is expected as a result. The increased burthens bear heavily on the timber trade.

The estimated revenue for 1888-89 is \$3,403,672.80, and the expenditure \$4,475,222.86, of which \$1,197,863.12 is set down to capital account, \$783,500 being in the form of railway subsidies and \$414,863.12 for the construction of public buildings. This means a further increase of the debt by the capital expenditure. It is estimated that between the ordinary revenue and the ordinary expenditure there will be a difference of \$63,313.06 in favor of revenue. But if there is to be a further capital expenditure, when is the public debt to stop increasing? This question should be regarded as paramount, in the present condition of the finances of Quebec, and it is unfortunate that Mr. Shehyn has not attempted to give an answer to it. The fact that there is an increase in the interest account this year of over \$25,000, and that there must be a further addition from the proposed capital expenditure, is one of the facts that should induce the treasurer to call a halt in the increase of the debt.

MEETINGS OF BANKS.

The present week has seen an unusual number of gatherings of bank shareholders in Montreal and Toronto. Reports of several important banking institutions and the views of their principal officers have been made public, through addresses or otherwise. It is fitting that the conclusions of persons so well placed for observing the financial condition should be considered with care.

The president of the Canadian Bank of Commerce defined and dwelt at some length upon what seemed to him to be properly the duties of bank directors. He urged that not only have these directors, who are chosen from among the shareholders, some rights which are entitled to respect, but that duties devolve on shareholders which they may neither forget nor leave unperformed with propriety. Refer-