THE CIRCULATION OF CANADA AND THE UNITED STATES.

The systematic ebb and flow of the currency of this country is a matter of common knowledge in Canada, in what respects and to what extent the circulation in the Dominion compares on the point of elasticity with that of the United States is known only to the few who study the periodic returns of our own and the banks of the United States. The New York "Journal of Commerce" has drawn attention to the remarkable lack of elasticity shown by the circulation of the United States as compared with that of Canada, which it describes correctly as

" Rising with the perfect regularity of the recurring seasons when the crops are to be moved, and contracting thereafter as certainly as the advent of winter, whereas our (the American) total bank circulation, including notes in process of redemption, was almost identical October 1, 1901, in the height of the crop-moving season, and February 1, 1902, and from the latter date to October 1, 1902, the increase was about 2 per cent; but the currency has repeately increased in the winter and declined in the fall. In fact, the active bank circulation, the circulation secured by bonds, declined a year ago in the midst of the crop-moving season, and has declined this year in the face of a monetary stringency that the Treasury resorted to unprecedented measures for relieving. Between October 31, 1901 and September 30, 1902, the circulation secured by bonds actually declined more than $4,000,000."

To exhibit this contrast our contemporary gives the following tables, the first of which shows for a term of years the operation of the really elastic currency of the Dominion, comparing the average circulation for the four months when the circulation is highest and when it is lowest :—

		Circulation.	Increase.	Decrease.
Sept.-Dec.,	1893............	$35,393,341	....	....
Jan.-April,	1894............	30,218,480	....	14.6
Sept. Dec.,	1894............	33,331,074	10.3	....
Jan.-April,	1895............	29,074,914	....	12.7
Sept.-Dec.,	1895............	33,593,344	15.7	....
Jan.-April,	1896............	29,765,758	....	11.7
Sept-Dec.,	1896............	34,241,427	15 0	....
Jan.-April,	1897............	30,628,699	....	10.5
Sept.-Dec.,	1897............	39,584,035	29.0	....
Jan.-April,	1898............	35,652,345	....	10.0
Sept.-Dec.,	1898............	41,305,979	16 1	....
Jan.-April,	1899............	37,555,257	....	9.0
Sept.-Dec.,	1899............	47,527,381	26.5	....
Jan.-April,	1900............	42,685,666	....	10.2
Sept.-Dec.,	1900............	51,572,840	23.2	....
Jan.-April,	1901............	46,547,991	....	9.7
Sept.-Dec.,	1901............	56,574,135	21.5	....
Jan.-April,	1902............	50,293,023	....	11.1
September,	....	60,965,000	21.2	....

Contrast with this exhibit the following figures showing the inelastic currency of the United States. The large increase in the latter part of 1900 is of course explained by the law of March of that year :—

		Circulation.	Increase.	Decrease.
Sept.-Dec.,	1893............	$206,482,511	....	....
Jan.-April,	1894............	207,939,041	.7	....
Sept.-Dec.,	1894............	207,305,664	....	.3
Jan.-April,	1895............	206,122,035	....	.5
Sept.-Dec.,	1895............	213 262,090	3.4	....
Jan.-April,	1896............	216,459,288	1.5	....
Sept.-Dec.,	1896............	233,409,147	7.8	....
Jan.-April,	1897............	234,699,811	.5	....
Sept.-Dec.,	1897............	230,292,363	....	1.9
Jan. April,	1898............	226,214,201	....	1.8
Sept.-Dec.,	1898............	236,278,893	4.4	....
Jan.-April,	1899............	243,315,517	3.0	....
Sept.-Dec.,	1899............	243,108,703	....	.08
Jan.-April,	1900............	246,676,065	1.4	....
Sept.-Dec.,	1900............	333,135,888	35.0	....
Jan.-April,	1901............	349,085,697	4.8	....
Sept.-Dec.,	1901............	357,188,166	2.2	....
Jan.-Feb.,	1902............	358.939,741	.5	....
October 1,	1902............	366,993,598	2.2	....

The method adopted by our contemporary in giving the averages of the circulation during the four months when it is highest and when lowest has points of interest and of statistical value in this argument, but it does not bring out a full view of the elasticity of the Canadian system. However, as the same method was adopted in the exhibit of the circulation of the American banks the comparison is strictly fair and "runs on all fours" argumentatively, in which feature statistical comparisons are often defective.

The two tables show as regular increase and decrease in our circulation as the succession of the seasons, whereas the American circulation has been the most irregular, indeed, quite erratic, there have been three years in which the American circulation decreased in the last four months of the year when that of Canada increased. In the fall, and early winter of 1894 the American circulation decreased 0.3 per cent., the Canadian increased 10.3 per cent.; n 1897 the American decrease was 1.9 per cent.,i the Canadian increase 29 per cent.; in 1899 the American decrease was 0.08 per cent., the Canadian increase 26.5 per cent. In every year since 1893 the Canadian banks enlarged their circulation during harvest time and in the 3 months immediately following from 10 to 20 per cent., and decreased the circulation in the first quarter of each year from 9 to 14 per cent., whereas the American banks followed no rule, and the range of their increases during harvest in the 2 months following was from 2 to 7 per cent. It is noticeable that while the elasticity, the ebb and flow, of our currency issues was as regular as the seasons there was a steady advance in the annual increase, which was consequent upon the growing demands of the country, especially for money needed for harvest purposes. It is also worthy of note that the increase in the Canadian circulation since 1900 has been 18 per cent., whereas the increase of the American circulation in the same period has been only 10 per cent.