

instance, of the banks having head offices in Ontario, 9 in number, 5 are strictly conservative, holding about 44 per cent. of their reserves in Dominion notes, and 56 per cent. in gold; whereas the other 4 hold rather more than 70 per cent. in Dominion notes, and less than 30 in gold, indeed in one instance the gold held is only about 20 per cent. In Quebec five banks hold about 52 per cent. in Dominion notes, and 48 per cent. in gold, which is as fair in proportion as is practicable, having reference to the law; but 6 other banks hold 68 per cent. in notes and only 32 per cent. in gold, one bank having only 25 per cent. in gold. We entertain no doubt whatever that experience will demonstrate, at no distant period, that the Conservative banks are the truest friends, as well to the government as to the public.

April, 1880. Mar., 1880. April, 1879

Capital authorized.....	\$58,466,766	\$58,466,666	\$63,966,666
Capital subscribed.....	55,554,131	55,554,131	59,797,307
Capital paid up.....	54,960,652	54,955,567	58,127,425

LIABILITIES.

Circulation.....	\$17,503,921	\$18,529,352	\$16,122,128
D. Gov. dep. on demand.....	3,814,001	4,118,590	5,192,183
D. Gov. dep. after notice.....	5,929,880	5,929,881	554,400
Prov. Govt. on demand.....	399,704	358,619	1,153,587
do. do. after notice.....	315,874	565,874	535,936
Other deposits on demand.....	33,511,034	35,530,959	39,102,127
Other dep. after notice.....	29,379,015	28,151,915	25,847,542
Due Bks. in Canada.....	2,062,780	2,564,108	1,542,350
do. in foreign countries.....	86,309	68,017	27,825
do. in the U. K.....	910,831	553,990	1,991,457
Other liabilities.....	125,396	129,722	99,813
	\$55,977,861	\$56,501,025	\$53,979,360

ASSETS.

Specie.....	\$ 5,639,359	\$ 5,686,131	\$ 5,564,356
Dom. notes.....	8,927,696	8,713,914	7,799,255
Notes and cheques on other Banks.....	2,991,836	2,585,425	3,027,064
Due from Bk's in Canada.....	3,039,739	3,493,212	3,170,386
Due from Bk's in foreign countries.....	25,689,533	25,434,491	5,429,984
do. in U. K.....	2,846,736	3,981,910	430,918
Available Assets.....	\$49,134,899	\$50,295,083	\$25,462,663

Government Deb. or Svk.....	\$2,038,970	\$2,015,406	\$2,155,701
Loans to Dom. Government.....	60,963	32,319	13,042
do. Prov. Govt.....	1,040,959	705,622	62,946
Loans on Sks and Bonds.....	3,256,168	4,036,152	7,447,104
Loans to Corporations.....	3,594,165	3,935,129	3,061,014
Discounts.....	87,343,167	86,729,127	104,869,260
Notes overdue not specially secured.....	2,405,408	2,551,781	2,732,344
Overdue notes, secured.....	2,787,191	2,926,048	3,474,723

Real Estate.....	2,379,507	2,335,940	2,097,847
Bank Premises.....	2,979,910	3,021,776	3,209,278
Other Assets.....	4,492,245	4,119,521	1,418,527

\$161,509,562 \$162,723,906 \$156,003,549

THE GOVERNMENT CURRENCY.

Wide differences of opinion exist as to the practical effect of the Dominion Note Act of last session. The correctness of the opinions which have been given will ere long be tested. As regards bank circulation, the only alteration that has been made is the prohibition of notes of \$4, or of any denomination which is not a multiple of 5, in other words of \$6, \$7 and \$8. The bank issues will be \$5, \$10, \$20, \$50 and \$100. The probability is that the limitation on bank issues will cause an increased demand for Dominion \$1 and \$2 notes, but considering that the entire circulation of those denominations after ten years experience is only about \$3,300,000 it is highly improbable that the increase will be more than about a million, and quite possible that it will be even less. The bulk of the Dominion note issues is held by the chartered banks as reserves, and our impression is that it is much more likely that this branch of the issues will be diminished than increased. Several of the banks are holding the bulk of their reserves in Dominion notes, relying on the Government maintaining an adequate supply of gold. As we have already pointed out, the practice of the banks is by no means uniform. Some banks conform very closely to the law, which requires them to hold 50 per cent. of their reserves in Dominion notes, while others hold a much larger proportion. The danger under the new Act is that, while the banks are only required to hold 50 per cent. in Dominion notes, for which an adequate gold reserve should be kept by the Government, which we shall assume at their own figure of 25 per cent. in gold and guaranteed debentures, there is only the same reserve maintained against the large amount held by the banks beyond the legal requirement. That this will lead to embarrassment does not in our opinion admit of doubt, and if it should do so, the banks themselves that have held an excessive amount of Dominion notes will be chiefly responsible for the consequences.

THE INSURANCE STAMP CASE.

Some misapprehension may have grown out of the brief reference in our last number to the action of the Quebec Government in relation to the insurance

companies. To present the matter clearly, it may be well to restate the whole case. Upon the attempted enforcement of the Stamp Act passed by the Quebec Government, since declared unconstitutional, the Queen Insurance Company on the part of the Fire Companies, and the New York Life for the Life Insurance Companies, were chosen by the insurance interests of the Province to test the constitutionality of the tax.

These companies accordingly refused to conform to the requirements of the law, and continued to issue policies unstamped. After a year's persistence in refusal, they finally complied under protest. The Government brought suit, and, after many conflicting decisions, was finally beaten on the ground that the Stamp Act operated as an indirect tax, and was therefore unconstitutional. While the matter was in dispute, the officers of the Government signed a promise or agreement to pay the costs of the litigation in case the matter were brought into court and decided against them, and it is these costs that the authorities at Quebec have now expressed their willingness to pay. Apart from this matter, which is now settled, the liability of insurance companies to policy holders on presentation of stamps was established in the suit of Sullivan David against the Stadacona, and the liability of the Government to any stampholder is acknowledged, and the stamps are in process of redemption. But there remains a difficulty as to the stamps on life insurance policies. The life insurance companies could not recoup the cost of the stamp from an old policyholder for the reason that the terms of his policy were fixed and inviolable; they had therefore to lose on all policies issued prior to the Stamp Act the entire cost of the stamps thereon. They have now a valid reclamation against the Government, but they have not and cannot obtain possession of the cancelled stamps to verify their claim, and as there is no means of distinguishing stamps for life insurance from any other the case seems hopeless. The Government has exacted a certain sum of money from the insurance companies for stamp duty that it was never competent to impose, and now, though willing to make restitution, cannot do so for the reason that the companies have no vouchers. After the lapse of reasonable time, possibly some compromise can be reached whereby the sworn statements of the companies as to outlay for life insurance stamps may be audited and accepted as the best available basis for a final adjustment.