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Minimum and Maximum Circulation.

ORDINARILY, bank note circulation in Canada reaches its minimum in May and from that month increases until the crop-moving maximum is attained in October It is not surprising, therefore, that the current bank statement shows a continuance of the April decrease in circulation amounting to a falling off of $2,099,796 for the month of May. The decrease from April to May last year was more marked than this, but on the other hand circulation in 1906 had continued to show expansion during April. The total at the end of May this year is given as $70,741,113, which is $7,446,059 greater than the corresponding 1906 showing. Paid-up capital in the current statement is given as $96,167,889, an increase for the year of $6,161,549, so that the growth in circulation has exceeded the capital increase by over one and one quarter millions. And in this connection it is to be borne in mind that the Sovereign Bank's change in capital from $4,000,000 to $3,000,000 is not taken account of in the May statement. Still, the margin for expansion is by no means a small one—being about $4,000,000 more than enough to allow for the May-to-October circulation increase of last year. And it is to be remembered, also, that the authorized capital of several of the banks is substantially greater than that paid-up, so that the potential margin for meeting circulation needs is much greater than the foregoing figures would indicate.

A question to which banking authorities are already giving much thought is this: If Canadian trade expansion continues at the pace set in recent years, will banking capital exhibit a proportionate growth? In the opinion of Mr. Z. A. Lash, K.C., late counsel for the Canadian Bankers' Association, it is not impossible that some other means to meet the situation will some day be adopted, based on sound principles, such as a central gold reserve put up by the banks themselves, against which, dollar for dollar, they may issue circulation in excess of their paid-up capital. In a speech delivered at Osgoode Hall (now published in pamphlet form by John Mackay & Co., Accountants, Toronto), Mr. Lash spoke of this plan as follows: "This is not unlikely, as in an agricultural country like Canada, the marked increase in the demand for currency—what electricians would call the peak of the load —takes place in the fall when the grain crops and other products of the soil are being moved. This increased demand lasts only a few months and then the notes issued to meet it find their way back to the banks and remain idle till the next fall. Banks with a large capital which have during nine months of the year ample circulation to meet the requirements, cannot be expected to increase that capital to any great extent, merely to enable them to issue notes against the increase which will remain out for three months only, while at the same time the dividends on the increase must be earned and paid for the whole year. In the case of banks paying large dividends this would soon become too burdensome to be continued. Therefore, I say, that if the expansion continues it is probable that some other sound means than an increase of capital will be devised to meet the requirements."

German Over-Seas Banking.

THOSE unaware of the ubiquitous tendency of German banking interests have possibly been surprised at the very practical interest shown in a Canadian institution by a leading Berlin bank. Of somewhat special interest, therefore, is a recent article in the *Weltkorrespondenz* (translated in The Review of Sydney) dealing with the expansion of German over-seas banking. It is there pointed out that the expansion of German trade and industry has afforded a stimulus of late to the large banking houses in Berlin to found special institutions for the purpose of fostering business in a large number of over-sea countries. The beneficial results of these