

tional broils and Canada having enjoyed the privilege of paying a large part of the price necessary to make things pleasant, would by no means object to the expected display of national affection taking a commercial turn. We hope it will not be long until the memorial of the American Board of Trade is answered by the appointment of Commissioners empowered to agree to Free Trade as far as may be found beneficial to both countries. We feel convinced that the Canadian Government would, in that event, be quite prepared to appoint similar Commissioners, and once these preliminary steps were taken, and it becomes evident that both Governments were in earnest, difficulties would disappear and there is reason to hope that reciprocal trade would speedily be restored, in which event the people resident on both sides of the lines would wonder at the folly which delayed it so long.

BANKING REVIEW.

The official return of the Banks this month was issued with the figures of the Dominion Bank omitted. The omission naturally was most annoying to the cashier and friends of that institution. As this return was in the hands of the Auditor at Ottawa in good time, before others we are assured which were published, the issue of the *Gazette* without it was an inexcusable piece of negligence. Such an omission, in a critical time, would excite attention, and might cause a very inconvenient "run," and some damage to a bank and the public. In the same return the item "due from other Banks in Canada," is in error to the extent of \$5,000,000.

The official return, corrected, is as follows:—

LIABILITIES.		
	Aug. 31st.	Sept. 30th.
Capital authorized..	\$53,316,666	\$53,316,666
Do. paid up	43,965,862	44,157,690
Circulation	22,726,144	24,422,451
Govt. deposits on demand	3,933,555	4,567,281
Public do.	28,565,876	29,000,706
Gov deposits at notice	5,259,952	5,290,095
Public do.	20,473,493	18,723,564
Due other banks in Canada	1,546,978	945,795
Do. not in Canada...	4,228,303	3,594,114
Sundries	121,640	42,709
	\$86,855,941	\$86,586,715
ASSETS.		
	Aug. 31st.	Sept. 30th.
Specie	\$6,080,396	\$6,601,380
Provincial notes....	6,127,271	6,271,684
Notes, &c., of other banks	2,972,993	3,876,895
Due from other banks in Canada	2,046,760	1,575,803
Do. not in Canada ..	10,725,813	9,715,939

Total available assets	\$27,953,233	\$28,041,701
Government stock...	1,383,668	1,352,035
Loans to Govt.	535,084	557,238
Do. Corporations...	2,527,820	2,319,082
Discounts (includes over-due notes)...	106,909,507	107,202,716
Real estate	705,796	703,784
Bank premises	1,870,377	1,885,690
Sundries	1,850,030	1,774,406

Total assets.....\$143,735,515 \$143,836,652

There are in these figures some noticeable indications of the extent of the pressure which has prevailed in the money market for several months and of the direction in which it has made itself felt. The ordinary course of trade has been to require a considerable enlargement of discounts from the end of August to September, ranging for years past from one to four millions, averaging say about 3 per cent advance in a month. This season the increase in this period was only \$300,000 instead of over \$3,000,000 which would have been the average. It was quite clear that the extension could not go on month by month as it had been doing for the year past, without producing a serious disarrangement of our finances. The rate of increase from 85 to 107 millions of discounts in a year surely is rapid enough for the most sanguine, had our resources been growing in like measure it might have been regarded with less fear by the cautious. When, however, we lend 22 millions additional to traders, and at the same time are actually lessening the resources from which so large a proportion of these funds are derived—for deposits at notice are less now than in 1871—there is good reason to apprehend that expansion is going on to a risky extent. The positive diminution in the amount of the public deposits at notice in the last year, for they stood in Sept., 1871, at \$19,322,000 and are now \$18,723,000, is a very grave symptom for the banks and for our commercial future. That the increase of the capital paid up from 37 to 44 millions has been one main cause we are fully convinced, but that amount, admitting that the whole of it is money diverted from being deposited for paying calls on the stock, does not represent what we were entitled to expect as the savings from last year's harvest and trading. Taking that view, too, involves the forfeiture by the banks of the difference in profit between their rate of interest on these deposits and rate of dividend, and although this rests upon a mere theory as to the sources they have drawn upon for their new capital, we believe it is the most reasonable explanation of the fact that after a year of abundance and extreme activity, the country has stored up less to its credit in the banks than in the previous twelve months.

There has been considerable excitement

of late in Wall Street, and the name of a Canadian Bank has been freely used as the chief cause. The press of New York affirm that it has been cornering gold and realizing 1 per cent. for short loans, or 365 per cent. per annum, a pleasant prospect for stockholders. The demand has been very sharp for gold for Canadian uses, and very naturally has straitened the resources from whence it is drawn, and compelled measures to retain the stock held by raising the price. We may look for gold being easier after the Presidential election, its course has invariably been downwards after that event.

Money here is somewhat easier, the demand, however, still being strong.

The harvest proceeds are coming in very slowly, with the exception of barley, of which more has been shipped to Oswego than last year. In 1871 large quantities of barley were sent West, to Cleveland, Toledo, &c., which will not be the case with the last crop.

The lack of adequate shipping facilities is detaining large quantities of lumber, and next year no doubt production will be curtailed. The price of timber is going up at a very rapid rate. We heard recently of the oak alone on some lands being bid for at the cost of the lands themselves a few years ago, and the offer was doubled when the first was refused.

COMPETITION—ITS USES AND ABUSES.

While competition is the universal safeguard against undue exactions by public companies and private traders; while it is the dreaded foe of all monopolies, it is itself liable to generate abuses and grievances only less intolerable than those which it redresses. In agricultural operations it exercises only a healthy and legitimate influence; the wearying, unsparing toil by which a crop is secured, is quite sufficient to prevent any attempt by one farmer to undersell another. It is only in those departments of human exertion where the profits are larger in proportion to the physical labor bestowed, or where the chances of profit—pretty much the same thing—are greater, or where powers and trusts are conferred by law which may be made to yield a profit, that the baneful effects of undue competition are seen.

A good illustration is afforded by the experience of the fire insurance companies in the United States during the past year. With operations embracing receipts and disbursements close upon one hundred millions in the aggregate not a dollar seems to have been made, but instead one or two millions lost! One hundred and forty-one