

sorbed in the process. That capital, it is true, would not be unproductive; but it would bring less than the average profits of banking, and on this account it would meet the opposition of a large number of persons interested in bank dividends. Demands for the absolute security of note issues, when they come from the public, are born of distrust; they had their origin in a period of wild-cat banking, when frauds of administration, now comparatively infrequent, if not common too often made their appearance. When a banker proposes the security of a stock deposit, he may be credited with a strong conviction that the public has a right to be protected against possible loss on notes which it is practically obliged to receive in lieu of the silver and gold which they promise to pay. This conviction has become very strong in the United States, under the influence of the National Banks. That system has equalized the value of the notes of these banks throughout that country, and got rid of the losses which the public suffered from the depreciation of bank notes at points distant from the place of issue and redemption.

To secure the note circulation a larger amount of capital is required by a bank to enable it to do the same amount of business. To raise that additional capital would sometimes be difficult or inconvenient. The alternative would be to decrease the amount of business. The change would lead to considerable stringency; a great strain would be put upon the resources of the banks. Much of the capital required for the purposes of banking would be locked up in securities. At the expense of these inconveniences, which would be felt by the public as well as the banks, the boon of absolute security for the note circulation would be purchased. The thing obtained would not be without value; but the practical question is whether the purchase can now be conveniently made. If made at all, as it probably will be sooner or later, the change from the present system to note security by the deposit of stocks would have to be gradually brought about.

Mr. Smithers gives us the reason why he did not advocate the change when the bank charters were last renewed, that the Bank of Montreal was not then ready for it, and other bankers objected. But now, when the bank can get only two per cent. on call loans in New York and has to pay one half of one per cent. tax, it is ready for the change. But that the change is thereby made convenient is not stated; and though of itself it would probably not be sufficient, this condition of things can scarcely have been without its influence. If the Bank of Montreal was not at any time ready for the change, this must even in a greater degree be true of other banks, for few of them keep their funds so well in hand as it does. The change to a circulation secured by the public stocks would therefore of necessity have to be gradual. Mr. Smithers understands this, for he observes that "in four or five years it would supply the Government with about thirty millions of dollars," which "would materially assist the government finances." This is an incident to which the banks are under no

special obligation to look, though the time for the renewal of their charters is one favorable for making conditions on behalf of the government as well as on the other side. That the granting of charters to public companies should be made a source of revenue, once extensively asserted in the United States, is now seldom made a condition. The rule has never been admitted into the public economy of Canada, and as its application has nearly ceased elsewhere, it is not likely to be applied here. Still, when the bank charters have to be renewed, the Minister of Finance is in a position to negotiate, and he is bound to insist on whatever really concerns the public safety.

Mr. Smithers holds that "when the government has provided the country with a thoroughly sound currency, its duty is discharged." Depositors may look after themselves. "I maintain," he adds, "that it is both the duty and the privilege of every man to satisfy himself as to what bank he will deposit his money in, in precisely the same manner as the wholesale merchant elects as to what class of retailers he will give credit to, and the one has no greater claim on the government than the other." The difference between a bill-holder and a depositor is clear; the former has practically no choice whether he will accept the bills of the bank or not, though every one is free to choose the depository of the funds passing through his hands. A currency secured by stocks once ensured, Mr. Smithers thinks half a dozen headings would suffice for the bank returns. Public opinion would probably go a long way towards accepting these conclusions, though they might not be accepted in their entirety. If depositors inform themselves of the facts now, they must be aware that the bill holders have a preferential claim, and that they themselves would have to rely, in common with other creditors, on what remains after the notes were redeemed. As the note-holders now have a first claim on the assets of a bank, the securing of them by a deposit of stocks would not alter the position of depositors: the claim of depositors would then as now stand behind that of the note-holders.

The system of which Mr. Smithers proposes the adoption, would check any tendencies toward wild-cat banking which may occasionally crop up. If the Federal for instance, had been obliged to secure a note circulation of about a million and a quarter, it would not have had the means to dabble in stocks and for other extra-hazardous purposes. But the argument cuts both ways: equally a bank would be curtailed in its means of doing a legitimate business. But the curtailment would be largely of credit, and could not invalidate the contention that a currency which passes for money should at all times securely repose upon the money's worth which it purports to represent. Mr. Smithers' suggestion is timely, inasmuch as, if the change is to be made, ample time to prepare for it should be given.

—The report and statement of the Freehold Loan & Savings Company, for the past year is a pleasing one. Not only is there a marked increase in the company's business, but the results are very satisfactory. The security it offers to the public is ample, and the policy of its management is good.

MANITOBA EXEMPTION ACT.

We mentioned a fortnight ago an iniquitous retroactive Exemption Act which had been passed by the Local Legislature of the Province of Manitoba, and gave the full text of it in our last. It does seem extraordinary that the legislature of that Province is to have the power of not only practically extinguishing the indebtedness of thousands of individuals there, but of damaging the prosperity of persons in all parts of the Dominion who have sold goods on the faith of their being able to collect by the ordinary process of law. The proposed Act in fact destroys the basis for all credit in Manitoba, and its ultimate effect will be to render it impossible for any farmer to obtain credit whether for agricultural implements or for store supplies. It will, if enforced, stop all selling of goods by wholesale houses on credit, all lending of money except on mortgage security, and will bring about a period of such distress that a universal outcry will be made for its abrogation.

The opinion entertained by business men throughout the Dominion of this precious piece of legislation is shown by the indignant protests of the Boards of Trade in Montreal, Toronto, Hamilton, Winnipeg itself, other associations, one of manufacturers especially concerned, have petitioned the Governor General in Council. The *Winnipeg Commercial* of 26th ult., in a scathing article, thus refers to the legislature of the province in connection with this Act: "A Legislature of thirty-one members, not seven of whom were without unsatisfied judgments hanging over them, would profit nothing by a sensible Exemption Act. The aggregate of unsatisfied judgments against members of that Legislature reaches in the neighborhood of one million dollars, so that an Act to prevent such men from getting deeper into debt, would certainly be an ornamental, if not a ludicrous piece of legislation. Such is the kind of legislature which has been arranging the relations between debtor and creditor, and in so doing they have ignored all existing rights, and placed past, present and future debts all in the same category."

OUR FISHERY PRODUCTS.

The products of Canadian sea fisheries, together with those of the sea coast and inland fisheries of the Dominion, reached a value, for the twelve months ended with June, 1884 of nearly eighteen millions of dollars, (\$17,766,404 24). According to the report of the Deputy Minister of Fisheries, this is exclusive of the quantity of fish or fishery products consumed by the Indian population of British Columbia and also of the yield of Manitoba and the North-West Territories, reliable data as to which are not yet available, though being collected. These figures show a gain of \$808,211.26 over the previous year. The gain was greatest in herring, mackerel, lobsters, trout and smelts. Fish oil showed a decreased yield, as did cod, salmon and shad. Almost half the total yield was furnished by Nova Scotia. The share of the different provinces is shown by the following table:—