

put 15 points higher with-
tions which they would
It is nonsense to think

business of all the banks is
omers are manufacturers,
aged in industrial opera-
ans are an "aside" and the
ase them according as the
or grows larger. But in
ent. The financial banks
ss with stock brokers and
iggest and most esteemed
avily to carry on a heavy
naturally hesitate to take
interfere with their cus-
residents and directors of
engaged, along with the
be foolish to expect the
ical to the borrowers' in-

nce to call loans. Heavy
as are now being made
o relieve the fears of bor-
ew gold supplies an ele-
permits the banks to ex-
al extent of the strength
nds a good deal upon the
s secured. For example,
f the gold came as a re-
foreign capital attracted
interest rates prevailing,
so much strengthen the
t came merely as money
themselves to tide them
If it came in the first
ould be expected that it
period it could be dealt
e the case if those who
on to return it after a

ortation are being made
uses—both of the above
with others. As it is
siderable part consists
ot be strange if the bor-
able to repay it, indulged
ans on this side as soon
permit that to be done

MEDITERRANEAN.

rcial understanding be-
an interesting question
the Mediterranean lit-
ain has held the premier
arket, because its way
en paved by its first-
States comes next, as
cotton, tobacco and
et. Canada has yet to
pe. The total trade of
Italy alone, amounted
s total did not exceed
the Canadian record

Milan Exhibition, has
the south of Europe.
ct that Canadians and
ser associated com-
between Canada and
yet, been but meanly
ountry to dot it with
a wealthy market to
e done by means of a

great deal of hustling, and the organization of a direct
steamship service.

Canada possesses the Atlantic coal fields, and can
produce cheaply. It has all the materials for the crea-
tion of a valuable and various Mediterranean trade.
Great Britain's coal is now no longer regarded as
supreme. The United States and Germany have in
recent years secured a large portion of that market,
and there is no reason why Canada should not have a
big share of it. From Naples to Gibraltar, every port
is open for this trade, and Genoa especially offers ex-
ceptional opportunities. Immediately Canadian coal—
placed by a service of vessels at low freight charges—
is recognized as an important factor in Mediterranean
markets, no difficulty will be experienced in success-
fully introducing numerous other imports.

The lumber trade, for instance, is now practically
in the hands of Adriatic and Baltic shippers. To the
ports of Algeria, Spain, and Southern France, Can-
adian deals are sent in fairly large quantities, but the
whole Mediterranean shore offers a splendid market
for all kinds of lumber from this country. Wheat im-
ports to Italy, in the form of grain, total 400,000 tons
annually. After years of struggle, America success-
fully contrived to push its hard wheat into competition
with that of Russia. There is no reason why West-
ern Canadian wheat should not, on its merits, hold
first place in the Mediterranean granary. On account
of the present sorry internal state of Russia, there are
now special opportunities in this direction. Then
there are the coal by-products, fish, canned goods,
salted meats, lard, wood pulp, and a hundred other
articles which, if judiciously handled, would find a
ready market across the seas. Such a strengthening
of commercial relationships would be mutually bene-
ficial, as Canada is capable of becoming a valuable
market for many Italian, Spanish, and French imports.

CANADA V. UNITED STATES IN BANKING.

The contemplated establishment of a bank on the
"Canadian plan" in the United States shows that Amer-
ican financiers are not content with imbibing certain
currency lessons; but are beginning to put them into
practice. With one or two such object-lessons in their
midst of the superiority of an automatically regulat-
ing circulation, our neighbors will likely set their
banking system on a more satisfactory foundation. As
now, it presents the world almost every year with
periodic pictures of financial insecurity scarcely to be
matched in any other country even at times of greatest
stress. A great nation, at the highest pinnacle of its pros-
perity, wildly calls for money to carry on the ordinary
transactions of legitimate commerce, while a paternal
Secretary of State issues warnings against the enticing
away of treasury funds for Wall Street speculation.
"If you have more money than your community can
appropriately absorb," reads a circular letter of his to
depository banks, please return it to the Treasury, for
it can be placed where it will do much good."

Almost pathetic is such a request coming at this
time. The arrangement suggested is so purely
artificial, that perhaps truth exists in the contention
that the Treasury is a disturbing, rather than a
strengthening influence in the market. Like a patent
medicine, it finds its interferences with the natural
movement of money have to become stronger in dose,
more and more frequent in application. Those who
enjoy and believe in the Canadian system of banking
can not boast an entire absence of money stringency.
They do say that this stringency is within reasonable
limits. More than that, they can point to a natural
loosening and natural tightening of the monetary
chain at the time when either such might naturally be
expected under unstrained economic laws. The prime
need is elasticity; and that it has. For example, take

the difference in Canadian bank note circulation at
two different periods of the year. From January,
when money as a rule is needed least, to August, when
the crop movement is beginning in earnest, the ex-
pansion was 11.79 per cent. Last year, there was no
very large increase in circulation until June; but from
May to October it was something like 32 per cent.
And the expansion and contraction are both self-act-
ing; requiring no aid from Government; and coincident
with the natural needs of the country.

Across the line it is different. Often circulation
increases when least needed; often reduction by the
banks when the Treasury badly wants increase. In
recent years, the expansion in American bank notes
secured by bonds, from spring to harvest, has varied
from 2 to 7 per cent. But this, small as it is, has been
due more to natural growth of the country than to
any extra requirements on account of harvest, as
shown by the absence of subsequent contraction.

The Canadian system is a true barometer; it
does not need perpetual tinkering; it is an illustration
of economic law working itself out in the only true
way, the natural.

EDITORIAL NOTES.

If the men who are trying to restore prosperity to
British salt production were in Canada they would be
faced with some newspaper's demand for their prosecu-
tion for conspiracy in restraint of trade. The Cheshire
salt fields are as productive as ever. But prices have
fallen lamentably, and the Salt Union, formed some
years ago has only enjoyed a dubious success. The ex-
port trade to the United States was destroyed, partly
through the ordinary methods of competition; partly
by a combination which cut prices ruinously along the
Atlantic seaboard. The languishing industry is seek-
ing relief through a company, with a capital of only
\$50,000, which includes practically every manufacturer
in the country, and will execute all orders. The com-
pany will control output and prices, and profits will
be distributed pro rata half yearly. A trust with a
huge capitalisation was a failure; as were several other
British trusts, intended to control sewing cotton, dye-
ing of woollen goods and one or two other branches of
trade. Firms were brought into one organization, but
the management did not provide for the jettisoning of
the old wood about them. There was a multiplication
of operations without a corresponding increase of
efficiency. The new method may succeed better.

One reading the western newspapers has become
accustomed to seeing items and articles condemning
the postal service in their own particular localities.
These localities are spread over a very extended area,
and the complaints have been made for months past.
So the thing denounced can scarcely be due to any
mere trifling disarrangement of the service on ac-
count of weather, break-down, or other ephemeral
cause. To an outside observer, the cause appears to
lie in the general indisposition of Government officials
to move with the times. The fact that the "times"
have a habit of moving with particular rapidity in West-
ern Canada makes any tortoise-like gait on officials'
part only the more noticeable. This must be changed;
even if only to save the reputation of Canada in the
eyes of its thousands of new-comers. Nothing strikes
a new settler or a tourist more quickly than any piece
of neglect or stupidity on the part of the local post-
office, that eye and ear of all new settlements. Yet,
when one is told by a Western newspaper that its
local post-office had received \$30 worth of stamps "to
last one month," when that place receives on the
average a thousand letters in each mail; when another
mentions the case of one of its business readers who
spends a day or two each week in travelling by rail in