

\$17,413,195. The Dominion note is redeemable in specie, and by Act of Parliament, 1886, gold and guaranteed securities to the extent of 25 per cent. of the total outstanding shall be held, and not less than fifteen per cent. shall be in gold. The guaranteed securities are Canadian securities guaranteed by the Imperial Government. The remaining seventy-five per cent. of the notes are to be secured by Canadian debentures. As a matter of fact, the Government does not in its last statement sail so close to the wind with its reserves as the law allows. It held as security for its notes outstanding, some \$6,107,528 of specie, or over thirty-two per cent., that is to say, more than double the legal requirement. It held of guaranteed securities and specie \$8,054,195, or forty-three per cent., whereas the legal requirement is only twenty-five per cent. And it held \$14,250,000 of unguaranteed securities, or seventy-six per cent., the legal requirement being seventy-five per cent. As, however, the specie and guaranteed securities exceed forty-three per cent. of the issue, the unguaranteed securities held are virtually \$3,657,132 in excess of the amount practically required. It thus appears that the Dominion note is well secured.

A question of serious import, however, may be raised if we consider the Dominion Note Act, and the Government does well not to follow the letter of the law. The Act does not seem to us framed to meet stormy times, as a national currency should be. When the limit of circulation was \$9,000,000 instead of \$20,000,000 the gold reserve required to be held was 20 per cent. (Note Act 1870), and the same percentage might well have been retained in more than doubling the limit of issue. Bankers well know that the ratio between their reserve and their circulation should increase in considerably great proportion with the augmentation of their issue of notes since the likelihood of a demand for redemption is increased. The subject is still more complicated by the fact that the banks hold 63.8 per cent. of the total issue, and would look to the Government for gold if any serious and sudden emergency should arise discrediting the national currency as well as the bank circulation, a contingency remote but not impossible. The banks hold of Dominion notes \$4,434,053 more than the law requires, and while any serious demand from them would most probably be met by a counter demand for the Government deposit, these deposits amounting to \$2,516,627, they could yet by concerted action drain the Government of \$1,917,426 of gold, or nearly one third its total holding of that metal, and within \$879,629 of the whole amount of gold which the Government might hold, and yet be within the law. It thus appears that while the present position of the Government securities for its note circulation is quite satisfactory, the 15 per cent. ratio provided by law would be inadequate to protect the Government from serious embarrassment should the banks call upon it for the full amount of gold due them.—Montreal *Witness*.

DANGEROUS BANKING.—Under the above caption, the Montreal *Star* finds room in its editorial columns for the following piece of gratuitous advice on bank management: Only twice during the last thirty years have the banks of Canada had relatively such large sums of money loaned on stocks as they