

notes for the same amount is a financial mystery. The plan of the Secretary of the Treasury contemplates a deposit with the Government of greenbacks, Treasury notes and silver certificates to amount of \$200,000,000 for which Government bonds would be issued. Banks holding these bonds would be authorized to issue their notes to the extent of the bonds so held. The greenbacks paid into the Treasury could not be withdrawn except in exchange for gold. The idea seems to be to withdraw greenbacks, Treasury notes and silver certificates from circulation to amount of \$200,000,000, and to substitute for them additional issues of national bank notes to extent of \$200,000,000 to be secured by Government bonds. Such a scheme will

NOT BE SATISFACTORY TO BANKERS

who are desirous of seeing a more elastic currency established. Indeed one provision seems designed to restrict all local circulations and to necessitate the bulk of the note issues of the United States being greenbacks even far more than at present. The provision we refer to is the clause which would restrict the issue of the notes of the National banks to the denomination of \$10, so that all the notes in circulation of other denominations would be greenbacks. The effect would inevitably be to materially lower the volume of the note issues of the existing National banks, which the Report of the Comptroller of the Currency gives as \$209,000,000 in 1896. Such a restriction would render the right of issuing notes by the new banks proposed to be founded of little value, as small banks in small rural towns and villages with a Capital of \$25,000 would not be able to get out an issue of their own \$10 notes to any such extent as their circulation limit. Another defect in the Treasury scheme is the absence of any provision for making the notes issued redeemable in gold.

AS TO THE GREENBACKS,

which currency reformers in the States wish to be wholly retired, the Secretary says:—

The proposition to retire a large portion of the greenbacks into an issue and redemption division, there to be held until the public is willing to offer for them in fair exchange an equal sum of gold, is a proposition to dignify them with the honor of actual gold equivalency when they are passed out, as they have hitherto been honored with actual gold equivalency when pushed in upon the Treasury for redemption. The proposition is, therefore, quite different from a proposition to retire and destroy them.

SUMMARY OF DEFECTS IN TREASURY SCHEME.

We may add, the proposition for the Treasury to hold \$200,000,000 in greenbacks which would be issued, whenever Congress thought well to demand them, being used for special expenditures—a war with Spain for instance, is a fatal flaw in the Treasury currency scheme. The plan for creating large numbers of National banks with only \$25,000 capital is also a grave blunder. The continuance and the extension of the system of regulating the extent of

note issues according to the holdings of Government bonds owned by the issuing banks is contrary to the wishes of the leading financiers of the States. This, with a restriction of local note issues to the denomination of \$10, would render the Treasury currency reform scheme utterly abortive as an improvement on the present system, and would create new complications and raise up new obstructions to a sound currency plan being adopted.

THE BANK OF OTTAWA.

The annual meeting of the Bank of Ottawa was held on the 8th inst. when, as usual with this bank, a highly satisfactory Report was presented. The net profits of the year were \$201,483 which is 13.43 per cent. on the paid-up Capital. This has been distributed as follows: two half-yearly dividends of 4 per cent. each amounting to \$120,000, a bonus of one per cent., an appropriation of \$5,000 to the Pension Fund, and \$60,000 carried to Rest account, the remainder of \$1,483 being added to the balance at credit of Profit and Loss. The Reserve Fund now amounts to \$1,125,000, which is 75 per cent. of the paid-up Capital. The Bank of Ottawa has had a remarkable career of advancement and prosperity under the management of Mr. George Burn, the General Manager, as the following comparisons between its business in 1887 and 1897 show:—

	1897	1887	Increase.
	\$	\$	\$
Capital	1,500,000	1,000,000	500,000
Rest	1,125,000	310,000	815,000
Circulation	1,392,705	749,764	642,941
Deposits	5,974,632	2,087,536	3,886,496
Discounts	7,551,190	3,450,641	4,100,549
Net Profits	201,483	116,669	84,784

The increase in the amount of the net profits in 1887 and 1897 was \$84,784, and increase of paid-up Capital \$500,000, so that the increase profits on the additional Capital was 16.95 per cent. The circulation in 1887 of this bank was 75 per cent. of the total allowed; the present circulation is 93.33 per cent. The deposits were then double, now they are four times the amount of the capital. The discounts in 1887 were 3 1-2 times the capital, now they are 5 times. Naturally with conditions so favorable the net profits of 1897 have enlarged over those of 1887 from 11.67 per cent. on capital to 13.43 per cent., and the Reserve Fund has increased in the last ten years from 31 per cent. to 75 per cent. Such changes tell their own tale of sagacious administration of the bank's business. The Shareholders at the annual meeting authorized the Directors to increase the capital by \$500,000, raising thereby to \$2,000,000. This increase will, we hope, bring as gratifying results as the last enlargement of the Capital. The President, Mr. Charles Magee, referred to the lumber trade as not being in a flourishing state. The Dingley Tariff had so restricted exports that heavy stocks were held in the Ottawa district. The mills on the Georgian Bay were nearly all closed, or doing little.