

pelled them. The use made by Government of the funds thus obtained would determine to some extent the amount of available capital withdrawn from the country, but the probability would be that a considerable portion would be left on deposit with the Government bank and drawing interest. More than half of it would be needed to redeem the legal tenders now in circulation, and this would undoubtedly flow back to the banks and be used in obtaining notes to replace the greenbacks. What its ultimate destination might be would depend upon circumstances, but we fancy it would not be used to purchase any of our own securities now held abroad, and that in one shape or another, it would again form a portion of the banking capital of the Dominion. At all events the sum permanently withdrawn would not be large enough to be worthy of consideration, and would be rapidly replaced by new accumulations. It must be remembered that there is a very large amount of circulating capital locked up in the form of silver coin in excess of the requirements of the country, and of which but a very small proportion is held on deposit with the banks. In course of time this will be exchanged for gold, at once whenever the United States shall return to specie payments, or at the option of our own Government, whenever they are disposed to stand a comparatively trifling first loss for the sake of getting rid of what so many traders are fully persuaded is a "nuisance," and a source of serious loss to them. When the exchange is made, then the proceeds of the silver being current or bankable funds will naturally be deposited with the different banks, and become available for re distribution in the shape of loans. We entertain not the slightest doubt that any demand arising for additional capital will very soon call that capital into practical existence, and even to an extent much greater than will actually be needed.

The objection, however, which appears to us of greatest weight is that in times of panic and general want of confidence, the same causes which would lead to a run on a bank and its forced suspension, would also have the effect of reducing the market value of the Government securities, deposited against circulation; and that if forced to a sale, they would not bring perhaps more than 75c. or 80c. on the dollar, and possibly would have to be sacrificed at even lower rates. We know that in the financial crisis in 1857, many banks in the United States whose circulation was secured by the pledge of state stocks failed, and their issues were greatly depreciated; and still greater depreciation of bank note circulation, in Illinois and Wisconsin especially, followed the breaking out of the civil war. But it must be remembered that the banks whose notes sold down to 40c. on the dollar, were the weak institutions of small capital, which had greatly extended their circulation, but which were not strong enough pecuniarily to stand the heavy loss caused by the decline in the state stocks held by them. There would have been no such loss to note-holders had these banks not been allowed to do business on too small a capital, or had their circulation been limited in proportion to the amount of their *bona-fide* paid up capital. It must also be borne in mind that in the case of those western banks, notes were not a first charge on all the assets, as it is proposed they shall be under the system we are discussing, and credit being the life of a bank, everything which has a tendency to ensure certain and prompt redemption, lessens the danger of there being any demand for such redemption. If a bank note is perfectly good for all the purposes for which it can be used; if it pass from hand to hand without question and suspicion, if it is accepted in settlement of all debts, no one will make any effort to get gold for it. One bank may demand gold from another, and in this way alone would any pressure arise, but unless the Government account continues to be left in the hands of one large institution, there is no reason to fear that any bank, even if so disposed, could obtain a sufficient amount of another bank's issues to make their redemption difficult or too heavy a draft on their resources. But returning to the objection with which we began, and from which we digressed somewhat to indicate the unlikelihood of circumstances arising in which it would have force, we see—and no one can honestly question it—that everything would depend on the manner in which the finances of the Dominion might happen to be managed. If they were mismanaged, if public credit were destroyed or even seriously impaired, if annual deficits came to be the rule, then we should not think Dominion securities would be a particularly good basis for the issue of

bank notes. But we do not fear that such a deplorable state of things will arise. The country is steadily growing in population and wealth, its revenues are likewise increasing, and in a more rapid ratio than its expenditure. The disbursement of the large sums borrowed or about to be borrowed for railways, fortifications, &c., will still further stimulate progress, and we look to see in the years to come, not merely no retrogression as regards our finances, but a yearly improvement which will soon permit either a reduction of taxation without decrease of revenue, or increased income from which to form a sinking fund, that would soon extinguish our public debt.

We need a stable reliable system of banking and currency, ensuring bank issues of such a nature that runs for their redemption will be unthought of and unheeded of, and creating such a feeling of confidence in the chartered bank on the part of the public that capital will be attracted towards them both as an investment in the purchase of stock, and as a temporary place of deposit for funds not intended for permanent investment. We think we have succeeded in showing that the resolutions introduced by Mr. Rose, with perhaps some trifling modification, provide such a system as is required, and if, as rumour currently reports, Mr. Rose is about to resign his portfolio, we trust his successor, whoever he may be, will not allow the scheme to become abortive, but will carry it through to a successful conclusion. Experience may possibly bring to light defects and dangers in practice which are invisible theoretically, but we should like to see the system get first a fair trial, and then have judgment pronounced according to its proved merits or demerits.

ACROSS THE BORDER.

THE Press Association of Canada has just taken its annual excursion. On Tuesday of last week, the annual meeting came off at Cobourg, after which various festivities took place. The principal of these was a visit to several cities of the United States, among them Rochester, Syracuse and Oswego. The Association was treated very handsomely in all these places, particularly in Oswego, where our American friends gave a grand banquet which might properly be said to partake of an international character. In fact, this visit of the Press Association of the Dominion to the United States is an event of much more importance than simply a holiday excursion. The gentlemen who were present as the representatives of Canada, may be said to mould very considerably the public opinion of the country. The powerful presses which many of them control exercise great influence upon our politics and commerce, and fully recognizing this fact, our American neighbours seem to have determined to mark their visit by festivities got up in their best style. Judging from the published reports, the leading members of the Association, who were called upon to respond to the addresses presented and toasts given, conducted themselves in a dignified and becoming manner, which was alike creditable to the Dominion and themselves, and there is reason to believe that the exchange of international courtesies on the occasion, will do much to create better feelings on both sides of the border. We observe their hosts—particularly at Oswego—could not forbear airing their Annexation proclivities. This was certainly not in very good taste, but this weakness of our American cousins is coupled with so many good qualities and is at once so harmless and so amusing to Canadians, that we can afford to overlook it. We attach more importance to the friendly sentiments towards Great Britain and Canada which were uttered on the occasion. The cordial manner in which the health of Her Majesty the Queen was toasted, struck a chord throughout Canada which vibrated with friendly feeling, and brought to many a mind the old saw, "blood is thicker than water." Neither the people of the United States nor Canada should ever forget that we are both descended from the same Anglo-Saxon stock—are sons of the same mother—and that mother a nation whom, with all her faults, the world owes more to-day than to any other in existence. In another way, we conceive this visit of the Canadian Press will do good. On several occasions, it called from the lips of their American entertainers strong expressions in favour of Free Trade between the two countries. Not only was the present Chinese wall of duties condemned as injurious to both, but a return to the old system of a free exchange of our leading products was earnestly advocated. We feel convinced that the exchange of senti-

ments on this important point which took place will not be lost upon the public mind of the United States, but will tend to hasten the adoption of more rational trade relations. We are not quite sure that our friends of the Press will be much benefited physically by their excursion this season. We fear, from the round of dinners, receptions, luncheons and drives, with the accompanying champagne, toasts, cheers, &c., which are crowded into four days, that they had rather too good a time to recruit much in a physical way. But however this may be, we take pleasure in expressing the belief, that their visit to Rochester, Syracuse and Oswego has increased international good-feeling, and will assist in promoting better relations between this Dominion and its powerful neighbour.

BANK RETURNS.

THE following is a comparative statement of the total Assets and Liabilities of the Banks of Quebec and Ontario, for June, and the previous month.—

	May.	June.
LIABILITIES.		
Circulation	\$ 7,462,421	\$ 7,146,831
Balances due other Banks ..	1,850,531	1,533,615
Deposits not bearing interest ..	14,639,911	15,403,744
Do. bearing interest ..	21,013,286	21,267,637
Total Liabilities	\$44,480,249	\$45,210,687
ASSETS.		
Coin, Bullion, and Prov. Notes ..	\$12,312,840	\$13,022,915
Landed or other property of Bank ..	1,600,004	1,600,177
Government Securities	8,039,638	3,106,263
Notes of other Banks ..	1,761,737	1,233,829
Balances due from other Banks ..	5,715,477	6,228,062
Discounts ..	60,384,053	49,870,653
Other Debts ..	2,836,830	2,620,355
Total Assets	\$78,340,574	\$78,540,220

The foregoing figures do not show any very important changes, the tendency indicated being still towards contraction, partly caused by the reduction of the liabilities of the Royal Canadian Bank. Deposits have largely increased, the gain falling very little short of a million dollars, the total amount being now \$38,571,441, or rather more than five times the circulation.

In Assets, the reserve of coin and legal tenders has increased \$710,000, and of notes of other banks \$220,000. Balances due from other banks have also increased some \$500,000, while discounts have been reduced about \$1,000,000.

We wish to call the attention of the Auditor, to the fact that errors are allowed to appear in the published statement. In examining that now in the *Canada Gazette*, we discovered several mistakes arising we suppose from careless proof-reading. As these statements are published officially, and as guides to the public, it is of importance that they should be correctly published as furnished by the Banks.

ITEMS OF NEWS.

Toads are sold in Paris at the rate of fifty cents a dozen. The animal is used for the protection of vineyards and gardens from the ravages of insects that escape the pursuit of the birds.

The fruit growers of California want the freight charges on the Pacific Railway reduced, so they can ship fruit East at a reasonable profit.

There is an unusual depression in the cotton trade in Lancashire, England, and several firms in the business have been obliged to suspend.

Silk, during the various processes of its manufacture, bleaching, cleaning, &c., loses in weight. To make up this loss it is customary to add certain astringents, as catechu, gail-nuts, and certain salts, especially protosulphate of iron. The gain in weight thereby varies from 100 to 300 per cent. It is found out that such charged silks will take fire spontaneously when dried at 220° Fahr.

The Grand Trunk is at present enjoying a very good freight traffic for this time of the year. A great deal of live stock is going eastward, and the rising of last season's crop of Indian corn is being transferred in large quantities every day from the west to the eastern states, in order to make room for the next crop.—*London Free Press.*

The Red River trade is lively. The *St. Cloud Times* believes it entirely within the bounds of truth to say that at least 500 of the annual Red River carts have come down the past three weeks and the end is not yet. The number is greater than ever before. But the quantity of furs caught last year is not so great as in some previous years. The increase in the number of carts coming down is caused by the necessity of hauling flour for the Red River settlements, the wheat crop having been destroyed last year by the grasshoppers.