

Zealand by way of New York and San Francisco, so long as the Canadian Pacific Railway was intact. He would as soon have begged for favors from the United States as he would have dreamed of giving in to the Boers in South Africa. Sir Joseph Ward is hastening to a Parliamentary session, which will consider reciprocity with Australia, and the close of which will synchronize with the New Zealand Exhibition, at which the Canadian Government will spend a large sum of money to promote trade between that country and this. Sir Joseph's utterances in New York read strangely alongside the accounts of the debates of the Congress of Chambers of Commerce in London. With an Imperial Intelligence Service established on the lines of Sir Sandford Fleming's proposal, the movements of statesmen of the Empire will be better heralded than they are at present. One would have thought, anyway, that the westward passage of the Prime Minister of New Zealand from London to his own capital would have been communicated to the Canadian Government, so that the traveller might have tarried profitably by the way, and not have fallen into the hands of those who guilelessly lay in wait for him on the New York-Frisco route.

The Congress of Chambers of Commerce in London began by passing by an overwhelming majority the Canadian resolution for preferential trade within the Empire. Another milestone, therefore, has been set up on the road to closer commercial relations between the states of the Empire. All the speaking was not prudent. There was sound sense in the warning given by Mr. Hamar Greenwood, the young Canadian M.P. for York City, against lecturing the old country by those who are not familiar with British conditions. It is not wise to insist that the Chamberlain policy of a protective tariff was not turned down at the general elections in January. Chinese labor and the Education Act of the Conservative Government were strong factors, no doubt. But the average Britisher has got it into his head that Mr. Chamberlain's policy means dearer food without compensating advantages. The only way to clear his brain of that belief is to prove the contrary to him. Political education always moves more slowly than reformers desire. The doctrine of free trade is held with almost fanatical devotion by a great number of statesmen, thinkers and writers in the old lands. So long as it is cheaper to live in England than in the colonies, the field for missionary work by such men as Col. Denison, Mr. Drummond and Mr. Cockshutt will be exceedingly large, and rather difficult to cultivate. It was indiscreet of Mr. Drummond to threaten political secession if trade relations are not readjusted to meet Canadian sentiments. We marvel at the slowness of the British mind; but that is no reason for losing our own patience, and forgetting that it would tax the wit of man almost as much to make a commercial machine applicable to the whole Empire, as it would to make a uniform law for all the self-governing dominions of the King.

United States banks cannot indefinitely defer dealing with currency reform. They are as prone to be conservative in changing any important department of their business, as the more traditional bankers of the old world. Everybody admits the inefficiency of the present method of currency issue; and appreciates the advantages enjoyed by Canada through our system of large banks with branches, and the provision for redemption which gives our currency the elasticity and confidence so essential to the easy transaction of business between widely-sundered communities,—an ease which is admirably described in the current Bankers' Magazine by Mr. Triggs in a comprehensive article on "How Canada Provides Currency for Moving Crops." The United States banker has little hope

of adopting the Canadian method. The National Bank system has become so strong that a proposal to change in the Canadian direction would produce insurmountable hostility from the ultra-conservatives operating through the politicians, who, of course, would ultimately decide the measures of improvement. The American currency system is almost ridiculous in its inadequacy to cover, without apparent strain, the great fluctuations involved in the varying requirements of the seasons and changing conditions of business. Bank notes increase or decrease in volume as a result of the rise and fall of the market price of Government bonds. There is practically no relation between this price and the day-to-day demand for currency. Two principles should largely dominate paper currency. First, bank note currency should be as much a matter of credit as bank deposits, which, through the use of checks become a very flexible kind of currency within proper limits; and second, the notes of a bank should represent its own credit, and not that of the Government, and be secured under all necessary safeguards by the reserves of the bank. By carrying these two principles into practice, and devising a system of redemption similar to that which causes Canadian banks to combine in a sort of insurance scheme against the failing of the weakest member of the group, the way might be cleared for putting the banking machinery of the Republic upon a basis as smooth, as safe, as simple as that which has given to the Canadian system its special eminence.

MONETARY AFFAIRS IN MONTREAL.

Municipal Loan has been Withdrawn, Stock Market is Nearly Dead.

(From Our Own Correspondent.)

Montreal, July 11, 1906.

Tenders for the \$300,000 loan offered by the city of Montreal, were received at the City Hall until last Friday. The loan was to be on city bonds, or on stock, and was to bear interest at 4 per cent. and run for 40 years. For some reason the loan was not awarded, the belief among financial men being that the tenders were not high enough.

"The Monetary Times" representative called upon City Treasurer Robb in order to ascertain further particulars. Mr. Robb refrained from disclosing anything likely to affect future bids on city loans. "The members of the Financial Committee," said he, "concluded that it was better to wait and amalgamate this loan with other loans which may be necessary, in order to make a larger and more desirable loan." Being asked what the highest tender was, Mr. Robb declined to answer. Asked at what figure the last loan carrying the same interest was taken, he said that it went at \$105, which was maintaining the average of the Montreal city loans.

Some of these same securities, with shorter terms to run, were selling on the London market at \$106 to \$108. As to when the new loan would again be offered, he said would depend entirely upon circumstances. It is stated in financial circles, however, that a loan will be offered again next fall, probably in September.

The assumption that the tenders were not satisfactory is in harmony with the reception given first-class municipal loans for some time past. Many municipalities have bonds for sale, and it begins to look doubtful if they will get any better prices for them in the near future than they could now. St. John, N. B., offered \$750,000 three and one-half last fall, but postponed the sale owing to offers not being satisfactory. They sold them a few weeks ago at 97½ for four, which is considered a fairly high price, by bankers. Yet St. John city three and one-half formerly sold at par. On the other hand, it is worthy of note that high-class corporation bonds, yielding from 4 per cent. to 4¾ per cent. show practically no decline, and in fact have advanced in many cases. For instance, Montreal Light, Heat and Power Lachine fives, which were issued at par, are now 104 to 105. This tendency to turn away from the high-class, but low interest municipal or provincial securities, and towards high-class corporation bonds, is consequently manifesting

itself in the Montreal other financial cent

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