

very well for commission merchants, who risk only their own money, for a consideration, but *that it is not sound banking*, and the results we see.

The highest compliment ever paid to the Canadian banking system was recently paid by Mr. Carlisle, the United States Secretary of the Treasury, when he sent his bill to Congress, reforming the U. S. banking system; in all its essentials it was simply a copy of the Canadian law. Mr. Brough, in his "Natural Law of Money," also highly commends our law, as do also the New York *Financier* and *Evening Post*. There is another feature in Canadian banking which deserves some notice. A defaulter or a thief among Canadian bank employees is exceedingly rare, while in the United States it is a matter of very frequent occurrence.

Among the thirty-eight Canadian banks, however, there are eight or nine small local banks which should be amalgamated with stronger banks and converted into branches, even if legislation to compel it be necessary. Six of them, in operation before the present banking law was passed, would be ineligible under that Act, not having the capital necessary to comply with its terms. One of them held on the 31st May last just \$2,504 in specie and Dominion notes; a second only \$6,860, and a third only \$9,101. Their notes are, of course, perfectly safe, but in a panic they would be a source of weakness and of anxiety both to depositors and to other banks. Under the Scotch system, on which the Canadian is founded, no small local banks exist. They have a few strong central banks, with numerous branches all over the country. Thus the Bank of Scotland, with a paid-up capital of six and a quarter million dollars, and a rest of four millions, has eighty-six branches; the British Linen Co., with a paid-up capital of six and a quarter millions, and a rest of seven millions, has eighty-two branches; the Commercial Bank of Scotland, with a paid-up capital of five millions, and a rest of \$3,875,000, has 141 branches, and the National Bank of Scotland, with a paid-up capital of five millions and a rest of \$3,925,000, has 82 branches; and we know what a success the Scotch system has been. Hundreds of small local banks in the United States have failed.

The advocates of bi-metallism are organizing, but their cause is a hopeless dream. The great bulk of the Germans are opposed to it. The "General Assembly of the German Chamber of Commerce," held in Berlin, declared that the German gold monetary system is unassailable. The merchants of Hamburg (a city next in importance in Europe, to London and Liverpool), have declared against bi-metallism, and the German Chancellor says that, without the co-operation of England, it is a chimera. Even Count Mirbach, the leader of the German bi-metalists, in an article in the *North American Review*, admits that a bi-metallic union without England is hopeless. And as to England, the ex-Chancellor of the Exchequer has declared that she will never depart from a gold standard, and Mr. Balfour, now First Lord of the Treasury, has been silenced on bi-metallism by his party.

Mr. Carlisle's Banking Bill for the United States was defeated by a combination of two classes of men. One set opposed it from purely selfish motives, because they were interested in silver mines; the other represented a class of ignorant men who hug the delusion that by flooding the country with a debased silver currency, they would benefit by a rise in the prices of their produce, forgetting that its purchasing power would be reduced in exactly the same proportion. The real sufferers would be the masses of working men and women, and persons with fixed salaries, whose earnings would not rise, while the prices of the necessities of life would. President Cleve-

land's arguments on these points are unanswerable. Should the next elections return a President and Congress favorable to the free coinage of silver, the result will be most disastrous, and it becomes all Canadians to be very wary in their financial dealings with the States. Let it be remembered that in 1864, the United States Government paper dollar was only worth forty cents in gold, and that a contract for freight made in a foreign country, "payable in gold," was declared illegal by United States Courts, Government notes being a legal tender.

Our invaluable forests are, unfortunately, still being rapidly denuded of the finest timber in the world, mainly for the benefit of Americans. A more suicidal policy cannot be imagined, and the next generation of Canadians will pay smartly for it. Aliens should not be allowed to hold timber limits, nor should saw logs be allowed to be exported at all. Five hundred million feet of logs will probably be towed this season from Western Ontario to the United States, to be sawed and manufactured there! No fear need be entertained of American retaliation, for they have little soft pine left.

Many think that there are signs of a general revival of prosperity, and quote the advance in the prices of wheat and a few other staples, the clearing-house returns and railway receipts. It will be well not to be too sanguine on this point. The advance in wheat was too sudden and too rapid, and cannot last. Clearing-house returns are untrustworthy, for they are often increased by stock exchange speculations, and the advance in railway receipts is trifling. A good harvest, which, happily, is now promised in nearly every section of the Dominion, will give material help and benefit the farmer, the country storekeeper, the manufacturer and the banks, but it will not in itself ensure a return of prosperity. Heavy losses have been made, especially in railway stocks and steam shipping, and these must be liquidated sooner or later.

Considering the very low prices, our exports have kept up well. It is very desirable that in future quantities, as well as values, should be given by the Government monthly. Cattle, sheep, horses and cheese are being largely exported, and England will be again short of hay, and furnish a good market for the Canadian surplus, if only good quality is shipped. Judging, however, from past experience, it is hardly probable that there will be a return of general prosperity for three or four years to come. Ever since the resumption of specie payments by the Bank of England in 1825, it is well known that the sixth or seventh years in each decade have been disastrous years; '26, '37, '47, '57, '66 and '77 were all panicky years, although '58 and '78 had both been years of exceptional prosperity, so that extreme caution should still be the banker's policy.

Money in London is now so plentiful that the *Times* of June 21st says: "One of the leading banks took 3 months' bills yesterday at $\frac{1}{2}$ of one per cent. (per annum), and the market rates are weak, at $\frac{9}{16}$ per cent. for 3 months, and $\frac{3}{4}$ per cent. for 6 months!" Such a state of affairs generally leads to wild speculations.

With such a sound financial system as we possess, with good government, equal laws, rational civil and religious freedom, splendid educational institutions, a healthy climate, and a sober, law-abiding, God-fearing population, where, on the face of the earth, is there a community of five millions of people more happily situated than Canadians?

HENRY FRY.

Sweetsburg, Que., 8th July, 1895.

ANALYSIS OF FIFTEEN BANK REPORTS, 1894-5.

MONTREAL.—Capital and Rest unaltered: \$10,436 added to Profit and Loss account, now \$815,152; circulation decreased \$876,227; deposits without interest increased \$2,924,795; bearing interest