

amounts to \$27,266,850; the larger ones, those operating in the Provinces of Quebec and Ontario, hold an average of 44 per cent. on the paid up capital, and those in the Maritime Provinces have Rests of over 50 per cent. It is worthy of note that the circulation of note issues acts as quietly and as automatically as the fluctuations in a barometer, rising and falling with the currency needs of the people, the maximum being about 20 per cent. over the lowest point.

Besides the bank issues there are the notes of the Federal Government, the limit of which is \$25,000,000, of which the banks hold as a cash reserve \$15,800,000, some 5 to 7 millions being in active circulation in denominations of \$1, \$2 and \$4. Against these notes the government holds 50 per cent. of the total issues in gold, and about 2 millions of guaranteed debentures. By recent legislation, dollar for dollar must be held in gold for all issues over \$20,000,000. The whole then of the paper currency of Canada is on an exceptionally sound, thoroughly protected basis, far more so than the note issues of the country banks in Great Britain. It will be noted that Canada conducts all her financing on a gold basis. The Act regulating the currency—49 Victoria, cap. 30—ordains as follows: "The currency of Canada shall be such that the British sovereign of the weight and fineness now prescribed by the laws of the United Kingdom shall be equal to, and shall pass current for \$4.86 and two-thirds of a cent of the currency of Canada, and one-half sovereign of proportionate weight and like fineness for one-half of the said sum." The Act provides that any gold coins struck for use in Canada shall be of the same standard and fineness as that of the British sovereign, the legal tender value of which is declared to be \$5, subsidiary coins to be proportionate thereto. But no gold coins have been minted for Canadian use, nor do we regard them as likely to be for some time to come, for the note issues are of such indisputable value, and are so easily current over the whole Dominion, without abatement or discount, that the need of a gold coinage is not felt, and would not, if provided, be any convenience to the public.

In regard to legal tenders, these are the notes of the Federal Government, called "Dominion notes," gold coins of the standard and fineness of those of Great Britain; silver coins up to a limit of \$10,—£2 10s; copper for only 25 cents, or one shilling, English. By comparing the extent of the note issues in 1872, 25 millions of dollars, with those of 1894, 31 millions, it will be seen that they have not enlarged in anything like the proportion shown by other features in the bank returns, discounts, for instance, having increased 97 per cent., and circulation only 21 per cent. This arises from the almost universal practice in Canada of keeping a banking account, and payments, even for small sums as low as \$5, being so generally made by cheques.

Turning now to the finances of the Federal, or central, government, the first feature which strikes an observer is the evidence afforded of the steady determination of successive governments to maintain an equilibrium between income and expenditures, the years in which

a surplus has occurred being far more numerous than those showing a deficit. Indeed, since Confederation, the excess of surpluses over deficits has reached a total of \$22,000,000, which sum has gone in reduction of the public debt. The gross sum by which the debt was increased between 1867 and 1893 was \$165,952,400, and the outlay on, and subsidies to, canals, railways, and other public works was \$167,550,000; besides this, the sum of \$10,189,000 was devoted to the acquisition of territory which is available for settlement, and which eventually will realize a profit. The percentage per head of Federal taxation in Canada is \$5.91, in the United Kingdom, taxation reaches \$9.00 per head, and the average for the whole Empire is \$7.30 per head. In 25 years the revenue has increased \$3.64 per head and the expenditure \$3.42 per head. Although the debt has increased largely in that period, the net amount of interest paid by the people has only increased 45 cents per year per head, the burden of it therefore can hardly be said to have appreciably increased in weight. In that time the foreign trade of Canada has gone up from 131 to 247 millions, which demonstrates that the trade of the country, and consequently its income, has developed in a very much higher ratio than the public debt and its annual charges on the people. The debt of the Dominion has doubtless increased largely since Confederation, but the making of a nation, and providing it with the public works necessary for its development, and the convenience of its trade, by which the debt was created, are necessarily costly. In creating its debt, Canada has also been creating a fairly proportionate amount of assets, represented by canals, railways, harbors, public buildings, and other properties acquired for the necessary conveniences of trade and government. This policy has been recognized as wise and essential, as is proven by the fact that the average rate of interest on the debt of Canada has gone down in the last 20 years from 4 per cent. to 3 per cent.

In regard to municipal securities this may be safely said, the home investors, who know most about them, think the best of them as investments. The promptness with which the interest is paid on such bonds is familiar to all who ever handle them. Though, here and there, may be a case or two of imprudent issues, we venture to say that Canadian municipal securities are intrinsically sounder than any of the same character issued outside the Dominion. The tendency of Canadian municipalities is far stronger towards parsimony than, extravagance, and the exceptions are found only in cities and towns which are so prosperous, and developing so rapidly, that there is a disposition to be too sanguine as to the future.

The very large amount of the mortgages held by our loan companies is apt to give a false impression in the old land. There the farmers are *tenants*, here our farmers are all *freeholders*, and the amount of their mortgages means this, that the mortgagors have laid out cash in purchasing farms, or in erecting buildings for as large an amount as these mortgages, for, as a rule, the advances are to the extent of 50 per cent. on the purchase money or valuation. Where this view is