

not become such until ten years afterwards, and it was not until ten years after this that the circulation was additionally strengthened by the establishment of the Redemption Fund. There is strong reason to believe that if there had been such legislation in view as the making these notes a first charge on the assets, as well as the establishment of a Redemption Fund, there never would have been a limitation to capital at all. And it is quite reasonable to say that in the interests of safety there is no need of such a limitation now. If it is thought that the enlargement of issuing power would lead to over issues of notes it can be easily shown that over-issues are practically impossible where there is daily redemption, as there is in Canada. Daily redemption, in fact, is the most perfect check against over-issues that the wit of man can devise; for with such redemption no more notes can possibly be kept in circulation than the real current business of the country requires.

ABSTRACT OF BANK RETURNS.

31st October, 1900.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up	35,484	19,895	10,885	66,264
Circulation	26,566	18,438	8,194	53,198
Deposits	147,769	123,579	46,019	320,396
Loans, Discounts and Investments	160,017	133,916	56,891	353,830
Cash, Foreign Balances (Net), and Call Loans	66,820	38,002	17,763	122,561
Legals	8,389	7,107	3,812	19,309
Specie	4,812	3,344	3,449	11,606
Call Loans	36,481	18,956	5,683	61,122
Investments	15,495	24,828	8,893	49,309

31st October, 1901.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up	35,714	23,540	8,293	67,548
Circulation	28,193	22,298	7,462	57,954
Deposits	172,273	151,542	46,143	369,965
Loans, Discounts and Investments	167,212	161,545	51,048	379,803
Cash, Foreign Balances (Net), and Call Loans	87,885	49,563	17,955	164,488
Legals	9,849	8,317	3,389	21,556
Specie	5,185	4,142	2,191	11,520
Call Loans	51,955	23,660	7,502	83,207
Investments	18,812	27,438	9,748	55,991

Government Savings Banks \$ 56,464
 Montreal City and District Savings Bank 12,848
 La Caisse d'Economie, Quebec 6,552
 Loan Companies, 20,000

Bank Deposits \$ 95,864
 369,965

\$ 465,829

GOVERNMENT CIRCULATION.

Large \$ 19,481
 Small 10,792

\$ 30,273

Gold held, \$17,379 or 57 per cent.

PROHIBITION IN MANITOBA.

By the Privy Council, the court of last resort in the Empire, the Manitoba Prohibition Act has been declared to be constitutional. Eleven separate questions were before the Privy Council, dealing with different phases of the main issue, but of these only one, covering the whole case of the constitutionality of the law received answer. Some of the unanswered questions have practical application, and may give rise to further litigation. For instance, question six aimed to ascertain whether, under local prohibition, anyone could employ an agent residing in the

Province to import liquor for his personal use. Importation, being one of the powers of the Dominion, is not affected by the local law. As liquor may be imported, the question arises whether it can be imported with a view of exporting it to another part of the country. This is one of the questions that remains unanswered, but it is not, on that account, got rid of. Commerce will require an answer, if it can only be got by going once more to the Privy Council. It is more important than the question of importation for individual use, for this can be done by the individual if not by an agent.

Mr. Mowat, when Premier of Ontario, had, it seems, promised as full a measure of prohibition as the constitution powers of the province would permit; but now that he is no longer a responsible Minister, the question arises what his successor will do. It is not probable that he will feel bound by the policy of his predecessor, but whether or not he should feel at liberty to decide the question for himself the necessity of deciding on a policy cannot fail to prove a source of embarrassment. Prohibitory liquor laws are more easily passed than enforced. At one time a large number of states of the American Union had prohibitory laws on their statute books; but now, with the exception of two or three, they have all been repealed. Little if any lasting progress in this form of legislation has been made. It remains to be seen whether the experiment of Manitoba will follow the usual course; for this reason it is worth watching, and watching implies waiting.

PROPORTIONATE PAYMENTS.

Some of the insurance companies are falling into the habit of making "proportionate payments" of loss claims, that is, if the assured has made erroneous statements as to the hazard of the risks to be assumed by the insurance company, at the time of making the application, or has increased the hazard, after the writing of the policy, without the consent of the company, and without the payment of an extra premium proportionate to the extra risk assumed. Then the insurance company will offer to pay such proportion of the loss as the rate of premium, really paid, will bear to the rate which should have been paid.

At first sight this appears to be an equitable proceeding, because the insurance company would have accepted the extra premium and would have carried the extra risk, thereby willingly becoming liable for the whole of the loss sustained. But it is neither an equitable proceeding nor is it, in any case, a satisfactory one.

Let us suppose that the policy is for the amount of ten thousand dollars, and that the loss by fire amounts to fifteen thousand. The rate paid was one per cent., the rate which should have been paid being two per cent., so as to have a very simple proposition before us. Under these circumstances the company says, "You paid us only one-half the amount of premium which you should have paid us, so our policy is wholly void, but as a matter of grace, we will pay you a proportionate amount of our policy, viz., five thousand dollars. In view of the five thousand uninsured loss, the assured looks at the real loss to be borne by him anyway, and contemplates with dissatisfaction the proposed increase of his loss from five thousand dollars to ten thousand dollars.

The insured seeks all possible means and makes all possible excuses for the purpose of recovering the whole amount of the policy, one of which is the tender of the balance of the premium for the current period of the policy. This form of reply is quite as consistent and as