

by the increase is accounted for by the greater care taken in procuring a conservative estimate of the value of the real estate. A very good indicator of the prosperity of the country is found in the amount of principal and interest overdue and in default on mortgages, just as in the overdue notes and debts of the chartered banks a good index of the condition of business men and borrowers from banks generally is found. In 1880 the amount in default was 8.60 per cent. of the amount secured by mortgage deeds, and in 1891 it was 2.04 per cent. In the same way the overdue notes and debts in the chartered banks in 1880 were 4.24 per cent. of the total amount borrowed, and in 1891 they were 1.03 per cent. The two taken together indicate that the condition of affairs in 1891 was a vast improvement on 1879.—*Toronto Empire*.

GOLD RESERVES.—In view of the present large amount of paper currency outstanding throughout the country, it will be interesting to consider the strength of reserve held against the issue. It is well known that the bank notes are a first lien upon the assets, and as the circulation on Oct. 31 was \$34,927,615 and the total assets of the banks \$298,133,431, there was over \$8.50 held to secure every dollar. The deposit with the Government, which virtually secures the bank individually, is included in this estimate. But without looking to the necessity to wind up the banks to redeem their notes, we may look to the items which would enable such redemption to take place without such a disturbance of the country. The banks on Oct. 31 held \$6,770,649 of specie, or over 19 per cent. of their circulation; they held \$11,903,854 of Dominion notes, or over 34 per cent. of the circulation, these two items alone aggregating over 53 per cent. of the total outstanding notes, an eminently satisfactory reserve, but one, it must not be forgotten, useful for other calls as well. In addition, they held \$7,899,713 of notes and cheques of other banks, an item forming 22 per cent. of the circulation, and the bulk of which would disappear in cross entries among the banks generally, so that of the total circulation, fully 75 per cent. is secured by securities held by the banks themselves. If, however, we include call loans, amounting to \$19,828,270, or over 56 per cent. of the circulation, we find the banks with immediately available assets of \$46,394,486 against \$34,927,615 of circulation, and even taking into consideration the other demands upon such funds in daily transactions, we cannot but feel that the banks are more than well situated as regards their power to redeem their notes. The item of Dominion notes forms a large proportion of the Cash Reserve, and we may now proceed to consider the basis of this issue. The total issue of Dominion notes on the date of which we are treating was \$18,647,063.66. In passing we may remark that the fact that the amount of \$1 to \$2 outstanding, and that of the \$5's, \$10's and \$20's, do not divide respectively by one or by five, calls for an explanation. Of the total Dominion note circulation only \$6,733,209 is held by the general public, the remainder being held in large denominations by the various banks, \$5,314,252 being held in Quebec and \$4,567,694 in Ontario. Ontario holds considerably more in proportion to its banking capital than does Quebec, since the capital in Quebec is \$34,534,370 against