

| Month.                     | Circulation.<br>\$ | Increase or Decrease<br>in month.<br>\$ | Increase in<br>year.<br>\$ |
|----------------------------|--------------------|---|----------------------------|
| 1906                       | 65,991,818         | Inc. 3,556,925                          | Inc. 7,270,645             |
| 1905                       | 58,721,173         | Dec. 107,746                            | Dec. 1,038,946             |
| 1904                       | 59,760,119         | Inc. 2,023,776                          | Inc. 1,476,635             |
| 1903                       | 58,283,484         | Inc. 2,536,986                          | Inc. 5,840,502             |
| 1902                       | 52,442,982         | Inc. 2,991,988                          | Inc. 4,831,015             |
| 1901                       | 47,611,967         | Inc. 1,706,025                          | Inc. 3,797,049             |
| 1900                       | 43,814,918         | Inc. 2,115,687                          | Inc. 5,405,691             |
| 1899                       | 38,409,229         | Inc. 883,890                            | Inc. 2,479,142             |
| 1898                       | 35,930,085         | Inc. 106,162                            | Inc. 4,847,564             |
| 1897                       | 31,082,521         | Inc. 673,324                            | Inc. 293,064               |
| Increase<br>1906 over 1897 | 34,909,297         | .....                                   | .....                      |

The increases in the principal items in the monthly Bank Statement for March in the past 10 years, with their respective percentages, were as follows:

|                             | Increase 1906 over<br>1897.<br>\$ | Increase per cent.<br>in 10 years.<br>p.c. |
|-----------------------------|-----------------------------------|--|
| Capital                     | 25,410,942                        | 41.5 p.c.                                  |
| Reserve Fund                | 34,525,761                        | 129.0 p.c.                                 |
| Circulation                 | 34,909,297                        | 112.0 p.c.                                 |
| Deposits                    | 370,947,250                       | 191.0 p.c.                                 |
| Total increase              | \$ 465,793,255                    |  |
| Current loans and discounts | 300,836,683                       | 149.0 p.c.                                 |
| Call Loans                  | 97,216,976                        | 790.0 p.c.                                 |
| Securities                  | 45,903,521                        | 192.0 p.c.                                 |
| Specie and Dominion notes   | 31,942,459                        | 131.4 p.c.                                 |
| Total increase              | \$ 475,899,639                    |  |

The total increase in loaning resources between 1897 and 1906 was \$465,893,250.

The small increase in the paid-up capital of the banks in the last decade, when compared with the circulation, deposits and loans, is of great significance as regards their earning power. Hence the considerable advance in the price of bank shares since 1897, as shown by the following comparisons of the 14 principal banks.

| Price of shares.       |             | Price of shares |             |
|------------------------|-------------|-----------------|-------------|
| Bank.                  | 1897. 1906. | Bank.           | 1897. 1906. |
| Montreal               | 232 259     | Dominion        | 225 275     |
| C. B. of Com-<br>merce | 128 179     | Hamilton        | 157 229     |
| Mal-sons               | 183 226     | Imperial        | 182 246     |
| Toronto                | 228 246     | Merchants       | 172 170     |
| Ottawa                 | 170 230     | E. Townships    | 148 164     |
| Union                  | 102 152     | Quebec          | 120 145     |
| Royal                  | 167 223     | Hochelaga       | 130 152     |

In the share list of May 1, 1897, there were only two banks stated to have paid dividends in past year (1896-7) of 10 p.c., and one of 12 p.c., whereas last year, 1905, there were 12 banks that paid dividends at the rate of 10 p.c. and over, and the dividends of other institutions were increased in equal proportions.

In the last 10 years the Canadian banks have made remarkable progress in the extent of their business, in financial strength, and have given a demonstration of the invaluable services rendered to the mercantile interests of Canada by its system of currency and banking.

**THE UNITED STATES CURRENCY SYSTEM.**

ANALYSIS OF THE CANADIAN AND UNITED STATES CURRENCY SYSTEMS, THAT OF CANADA INCOMPARABLY SUPERIOR, NEVER CREATES MONETARY DISTURBANCE, SERVES ALL THE NEEDS OF THE COUNTRY, UNITED STATES CURRENCY WHOLLY INADEQUATE, ITS SUPPLY IRREGULAR, SERIOUS DANGERS OF THE AMERICAN BANKING SYSTEM, MOST CENSURABLE PRACTICES TO RAISE RATES.

In our last issue a brief statement was published descriptive of the Canadian and United States banking and currency systems. It was shown that, the currency of Canada expanded and contracted almost automatically in response to the conditions of business. On the contrary the American currency was wholly without elasticity, it was a cumbersome process both to enlarge and to decrease the volume of notes in circulation in the United States. When the demand for currency in Canada becomes very active in the harvest season, notes are issued to meet the needs of those engaged in buying and moving the crops, without any increase being made in the rate charged for advances, and wholly without any flurry or anxiety in the money market of Canada.

When the same season in the United States creates an active demand for money, there is always more or less anxiety to provide the extra supply of currency which is an elaborate, circuitous, wasteful and clumsy process. Extra rates are thus involved and when the needs of the country are most urgent for an adequate supply of money to harvest and move the crops, the currency system creaks and groans like an ill constructed machine and often it is only kept from breaking down by temporary contrivances, by calling in the aid of the Treasury, or obtaining supplies of money in foreign markets.

When the season is over there is another display of

**THE DEFECTS OF THE CURRENCY AND BANKING SYSTEM**

in the United States, so clumsy are the arrangements for bringing back the financial conditions that were temporarily set aside to provide money for harvesting purposes.

The movement of the note issues of Canadian banks last year is shown by the following figures:

| Bank | Circulation | Month               | \$         |
|------|-------------|---------------------|------------|
|      |             | November 1st., 1904 | 72,226,306 |
| do   | do          | January 1st., 1905  | 64,507,394 |
| do   | do          | February 1st. "     | 60,986,610 |
| do   | do          | May 1st. "          | 59,941,648 |
| do   | do          | August 1st. "       | 61,277,593 |
| do   | do          | September 1st. "    | 62,497,433 |
| do   | do          | November 1st. "     | 76,890,863 |
| do   | do          | Dec. 31st. "        | 69,981,574 |
| do   | do          | January 31st. 1906  | 60,986,610 |

Here we find the year opening with a considerable amount of the notes issued for harvesting still in circulation, up to May, there was a gradual decrease