statement showing that in the 12 days between December 2 and December 14 the total of post office money orders issued on Europe by his office alone was $5,000,000. Then exchange would have to be provided for the express orders, post office orders issued in other cities, and the bank drafts.

In Canada the money market is practically unchanged. Call loans are quoted in Montreal and Toronto at 5 to 5½ p.c. Although the stringency which was in evidence a while ago has sensibly relaxed, it cannot be said that the large importation of gold in the second half of November has caused money to go abegging in the Dominion. The banks may have desired to have their cash reserves in good shape for the 30th November, which date is the end of the fiscal year for a number of institutions. But the course of the money market since the end of November shows plainly that there was no sudden release of large amounts of cash in December. In other words there could have been no general movement of the banks to release the extra cash after it had served for the November balance sheet purposes.

BANK NOTES DESTROYED IN CIRCULATION.

THE CHRONICLE has received from a correspondent the following letter referring to the article on this subject published two weeks ago:—

To The Editor of The Chronicle:

Sir—Having reference to the article in your issue of the 15th inst., on "Bank Notes destroyed in circulation," in which you allude to the opinion held by the public, that the Banks make large profits through destruction of their notes while in circulation, I beg to draw your attention to Section 116 of the Act, which says that on the winding up of a Bank in insolvency or otherwise, the Minister of Finance is to be paid a sum out of the assets of the Bank, equal to the amount of circulation then outstanding, which sum is to be held by the Minister in perpetuity and applied for the purpose of redeeming, whenever presented, any outstanding notes.

It will thus be seen that any profit in lost circulation ultimately accrues to the Government, that is to the people of the country, by one or more of whom the bills were lost in the first place.

Yours truly,

BANKER.

We agree in the main with our correspondent's contention that in the final analysis, when a bank's affairs are wound up, its stockholders derive no benefit from the fact that a quantity of its notes were destroyed while in circulation. At the same time it is to be remembered that the going banks do benefit to a small extent from the destruction of their notes while in circulation. They may not, to be sure, write off or disavow the liability; but when the evidence of their indebtedness is thus destroyed they are relieved from all necessity of redeeming it while they are going concerns. It is only in case of insolvency that the bank must provide cash for all of its issues of notes which it has not redeemed. It always benefits a promissor when he is freed from the necessity of paying his demand obligation. This benefit to the banks would be expressed in the measure of relief they enjoy from maintaining a cash reserve against the destroyed notes. However, any one can see that they do not profit to an important extent in this way.—Editor, CHRONICLE.

RELATION OF THE BANKS' PREMISES TO CAPITAL AND REST AND TO TOTAL ASSETS.

When the Bank of Montreal surprised the street early in November by issuing its general statement with the Bank Premises Account showing at $4,000,000 instead of the traditional $600,000, there were some observers who thought that while the writing-up process was proper, or at any rate unobjectionable, in the case of the Bank of Montreal, its action in re-valuing its premises, in the books, might be taken as an excuse by other institutions for swelling their profits or their rests through writing up *their* premises accounts. If another bank were to take the step of writing-up its premises to nearly the full actual value, doubtless its officers would quote the recent action of the Bank of Montreal as justification for its own action, notwithstanding the fact that after writing the item up, the premises account of the Bank of Montreal stood at only 44 p.c. of the actual value of the properties represented by it.

It is always easy to find plausible excuses for writing up the value of assets, and by that means to show phenomenal profits. It is because of its possible influence upon banking policy in general that objection might be taken to the recent action of the Bank of Montreal executive. Following the action of the Bank of Montreal, it has been hinted in a financial paper that another leading bank may also give the actual value of its premises in its annual report, along with the amount at which they are carried in the books. Indeed, it would seem to be desirable that all the banks follow the same policy. There is no need for writing up the book-values. If the actual value, according to conservative estimates, is placed in the margin exactly as appears in the Bank of Montreal statement, then the stockholders and the investing public could see at a glance the extent of the equity covered by this item. There is no need to take the figures into the balance sheet; there is no need for any of the banks to depart from the conservative practice hitherto followed. There are several good reasons why the bank premises should not be carried indefinitely at cost or at figures approximating their actual value. These reasons have served to influence the various executives to follow the policy of writing down premises account year by year. One reason is that the property known as premises is not a liquid asset. A bank's position is studied by the experts largely for the purpose of