

point of the year. There is only, in fact, one year, within the last ten, when this was not the case, the exception being 1907, when conditions were anything but normal. In that year the highest point of circulation was reached in November, at approximately \$200,000 above the October figures. But November usually is a month in which the circulation sharply declines, the average November fall, since 1901, from the high level of the October circulation being well over \$2,000,000.

When discussing the September bank statement a month ago we pointed out that the margin of circulation of the active banks at the end of September was only just over \$9,250,000 and that a number of the banks were at that time very close to the limits of their ordinary circulation. And we anticipated that at the then time of writing, emergency circulation had been issued. Events show this expectation to have been correct, the October statement demonstrating, in point of fact, that there has been a more widespread use of emergency currency this year than in both 1908 and 1909. The aggregate circulation of the banks at the end of October reached the new high level of \$95,992,866, an advance of \$8,736,534 upon the September circulation of \$87,256,332 and comparing with a circulation in October of 1909 of \$89,633,549. On the October figures, the banks paid-up capital being \$99,642,053, there is thus an apparent margin of \$3,649,187. But when the necessary adjustment has been made by eliminating the Sovereign Bank's capital and circulation, the margin of ordinary circulation, for the whole of the 29 banks which were in active operation on the 31st October last (including the Union of Halifax, now merged with the Royal), is seen to be much more narrow. It is only \$693,012, the difference between the adjusted capital of \$96,642,053 and the adjusted ordinary circulation of \$95,949,041.

Even on the unadjusted figures, the margin between the paid-up capital of the banks and their October circulation is much smaller this year than in any previous year of the decade, 1901-1910, as is shown in the following table:—

PAID-UP CAPITAL AND CIRCULATION OF CANADIAN BANKS IN OCTOBER OF TEN YEARS SHOWING MARGIN OF AGGREGATE ORDINARY CIRCULATION.

	Paid-up Capital.	Circulation.	Margin.
October, 1910.	\$99,642,053	\$95,992,866	\$3,649,187
1909.	97,842,330	89,633,549	8,208,781
1908.	96,131,632	83,036,732	13,094,900
1907.	95,827,992	84,289,983	11,538,009
1906.	94,343,742	83,718,630	10,625,112
1905.	83,864,828	76,890,863	6,973,965
1904.	79,747,011	72,226,306	7,520,705
1903.	78,286,682	70,480,611	7,806,071
1902.	71,137,510	65,928,973	5,208,537
1901.	67,548,410	57,954,779	9,593,631

In this table the figures are taken from the monthly statements, without adjustment. Even in

1906, a year of pronounced activity, it will be seen there was a margin of over \$10,000,000 between the highest level of the banks' aggregate circulation and their paid-up capital and the nearest approach to the 1910 margin of \$3,649,187 was in 1902, when the margin stood at \$5,208,537. The relative expansion of bank capital and note circulation formed, it will be in recollection, a ground for criticism of the Canadian banks by Dr. Johnson, in his recently published monograph upon the Dominion's banking system. We have already stated our position in regard to this question,* and it need not here be repeated. But we may point out the importance of these figures as an indication of the expansion within the Dominion during the last ten years. At the opening of the decade there was an expansion of some \$12,500,000 in the October circulation within two years; at its close there has been a similar expansion between 1908 and 1910, but of practically \$13,000,000—a fact which emphasises the strength and widespread character of the present movement of development throughout the Dominion.

The details of the October, 1910, issue of the active banks are set out in the following table:—

CIRCULATION OF THE ACTIVE BANKS AS AT OCTOBER 31, 1910, SHOWING EXCESS OR MARGIN OF ORDINARY CIRCULATION.

(+ = Excess, — = Margin)

Banks.	Paid-up Capital.	Circulation.	Excess or Margin.
Montreal	\$14,400,000	\$14,502,591	+ \$102,591
New Brunswick	774,280	869,321	+ 95,041
Quebec	2,500,000	2,235,006	— 264,994
Nova Scotia	3,000,000	2,823,187	— 176,813
British North America	4,866,666	4,440,363	— 426,303
Toronto	4,000,000	4,355,875	+ 355,855
Molson	4,000,000	3,857,822	— 142,178
Eastern Townships	3,000,000	3,088,450	+ 88,450
Union of Halifax	1,500,000	1,398,480	— 101,520
Nationale	2,000,000	1,987,441	— 12,559
Merchants	6,000,000	6,068,790	+ 68,790
Provinciale	1,000,000	1,160,238	+ 160,238
Union of Canada	3,315,000	3,403,557	+ 88,557
Commerce	10,000,000	9,393,210	— 606,790
Royal	5,000,000	4,957,014	— 42,986
Dominion	4,000,000	4,086,602	+ 86,602
Hamilton	2,659,765	2,913,625	+ 243,760
Standard	2,000,000	2,289,912	+ 289,912
Hochelaga	2,500,000	2,311,087	— 188,913
Ottawa	3,492,460	3,556,590	+ 64,130
Imperial	5,520,754	5,024,888	— 495,866
Traders	4,354,500	4,506,610	+ 152,110
Metropolitan	1,000,000	1,065,657	+ 65,657
Home	1,154,632	1,257,745	+ 103,113
Northern Crown	2,203,440	2,475,935	+ 272,495
Sterling	944,084	943,750	— 334
United Empire	558,933	398,905	— 160,028
Farmers	567,579	455,290	— 112,289
Vancouver	319,960	121,200	— 198,760
Totals	96,642,053	95,949,041	— 693,012

Thus fifteen of the twenty-nine active Canadian banks utilised emergency circulation during October, and it is fair to assume also that, in addition to this extra issue, there was some borrowing

* THE CHRONICLE, October 14, page 1487.