and unimpaired capital. No securities are specially pledged for such issues. In the event of the insolvency of a bank each shareholder is liable for the debts of the bank to the extent of a sum equal to the face value of his shares. This is generally called the double liability. The note issues of a bank are a first lien upon all the assets of a bank, including this double liability, and prior to any lien of the Federal or of a provincial government. To avoid a discount on notes in circulation at a point remote from the establishments of the issuing bank, every bank must arrange for the redemption of its notes in certain designated cities of commercial importance throughout Canada. And to avoid discount at the moment of a bank's suspension, or thereafter, because of doubt as to the sufficiency of the assets for this particular liability, the banks as a whole maintain in the hands of the government a fund equal to 5 per cent. of the aggregate of notes in circulation, upon which drafts may be made if the assets of the failed bank are insufficient. The notes of a failed bank carry interest at 6 per cent. per annum from the date of suspension until the receiver advertises his ability to redeem. Had these features always been in force the past history of the country shows that no holder of a Canadian bank note would ever have suffered loss, and the people understand the security afforded so well that the note of a suspended bank passes without difficulty. The aggregate capital of the Canadian banks at present is about $61,700,000: the highest circulation during the past year was $36,300,000, and the lowest $29,400,000. It will therefore be seen that should an unusual expansion of the currency beyond the maximum named be suddenly required—a thing only theoretically possible in Canada—there is a reserve power to issue of about 70 per cent. It will also be observed that about 23 per cent. more notes are required to do the business in the active or crop-moving period of the year as compared with the dullest period. The average circulation for the past year was 50.76 per cent. of the paid-up capital. Not only was the required circulation supplied with perfect ease, but, what is of equal importance, it was forced out of circulation immediately it was not required.

The emission and redemption of these notes, the absorption of bank deposits and the making of bank advances, is