

his friends against his chief, Mr. Hencke, till the moment that he became his subordinate colleague. If reports be true, Mr. Martin did the same thing. But here the parallel ends. Politically, Dr. Rolph was a shorn Sampson, without influential friends in the House, while Mr. Martin is personally a strong political figure, whose friends boast, very indiscreetly, that he will force his way to the Premiership. It is very likely that he will, but this means internal dissension in the local Cabinet meanwhile, ending, it may be, in the strongest of the twin dogs getting uppermost.

FINANCIAL REVIEW.

We give below a condensation of the figures of the statement of Canadian banks for the month of July, 1898. It is compared with the bank statement for the previous month, and shows capital, reserve, assets and liabilities, average holdings of specie and Dominion notes, etc. :—

CANADIAN BANK STATEMENT.

LIABILITIES.		
	July, 1898.	June, 1898.
Capital authorized	\$75,258,684	\$74,758,684
Capital paid up	62,303,137	62,303,137
Reserve Funds	27,555,666	27,555,666
Notes in circulation	\$36,553,546	\$36,539,163
Dominion and Provincial Government deposits	5,325,984	6,872,080
Public deposits on demand	81,886,549	82,313,900
Public deposits after notice	147,169,605	144,749,443
Bank loans or deposits from other banks secured
Bank loans or deposits from other banks unsecured	2,590,918	2,553,424
Due other banks in Canada in daily balances	117,496	164,198
Due other banks in foreign countries ..	542,116	492,502
Due other banks in Great Britain	2,922,629	3,225,326
Other liabilities	390,709	497,468
Total liabilities	\$277,499,629	\$277,407,521
ASSETS.		
Specie	\$ 9,465,955	\$9,283,030
Dominion notes	16,023,154	15,214,505
Deposits to secure note circulation	1,989,645	1,915,070
Notes and cheques of other banks	8,323,217	9,663,728
Loans to other banks secured	50,000	50,000
Deposits made with other banks	3,459,505	3,615,020
Due from other banks in foreign countries	19,327,662	21,279,953
Due from other banks in Great Britain ..	10,513,602	8,230,112
Dominion Govt. debentures or stock ..	4,989,866	4,901,627
Other securities	35,398,909	34,264,288
Call loans on bonds and stock	21,885,337	20,066,715
Current loans and discounts	\$131,426,852	\$128,484,048
Loans to Dominion and Provincial Governments	220,193,092	222,413,538
Due from other banks in Canada in daily exchanges	1,127,009	1,649,231
Overdue debts	183,989	212,651
Real estate	3,139,168	2,855,867
Mortgages on real estate sold	2,074,619	2,132,908
Bank premises	570,512	570,820
Other assets	5,820,351	5,740,154
Total assets	2,504,062	1,574,645
Total assets	\$366,948,842	\$365,634,052
Average amount of specie held during the month	9,502,007	9,277,085
Average Dominion notes held during the month	15,432,953	15,096,177
Greatest amount notes in circulation during month	37,699,706	37,478,083
Loans to directors or their firms	7,559,666	8,357,874

So far as the figures of the Bank Statement extend, they would appear to show that the month of July was one of exceptional quietness in banking circles. Deposits increased slightly—the increase being less than \$500,000—but this must be taken in connection with the movement of deposits during the preceding months of the year, when they fluctuated to an extent which has been rather extraordinary. For example, on the 31st of December last year the deposits of the banks were \$232,000,000. From that time until the 31st of March there was a steady decline, a

draining off of money in fact, amounting to nearly \$7,000,000 an amount which in former times would have been sufficient to cause a perceptible tightening of money, if not leading to embarrassment in some cases. But the banks have been for some time past holding such ample reserves that a drain of seven millions of deposits (even when accompanied by a redemption of circulation to the extent of nearly four millions) has been met with comparative ease. But had such a drain as this continued for three months longer the effect would undoubtedly have been serious, and an advance of rates on some classes of business. After the 31st of March the tide turned, deposits increased in April, May, and June to the extent of eleven millions, and in July there was a further increase of five hundred thousand, the final result being that deposits stood on the 30th of July at four million five hundred thousand dollars more than they did on the 31st of December.

The movement of discounts also presents some really interesting features. At the beginning of the year mercantile loans and discounts stood at \$211,000,000. By the end of March (the close of the first quarter) they had increased to \$223,000,000, which shows that the real demands upon the resources of the banks during that quarter were no less than twenty-three million dollars.

It is a considerable time since anything like a genuine tightness of money has been experienced in Canada. Some theoretical economists hold the idea that a tightness of money, if not too severe and too long continued, does rather good than harm, especially with sound and solvent traders who are conducting their business prudently. Times of easy money are by no means as conducive to general prosperity as is generally thought. Such times lead to an expansiveness in the mode of carrying on business generally which is invariably followed by a reaction. This expansiveness is shared in, for the most part, by traders with comparatively small capital. When credit is cheap and easily obtained such traders both buy on credit and sell on credit to a greater extent than they would do in other circumstances; they hold larger stocks and carry larger amounts in their books, incurring, as a result, greater risks than they can afford to do. So long as they can borrow easily and find banks that are willing to give them "all the money they want," as the phrase is, everything goes on "swimmingly." But this state of things is artificial and unhealthy. By and by a period of bad trade sets in which they are not prepared to meet. Then comes embarrassment and failure. Such men may curse their folly when it is too late, and sometimes curse the men who lent them the money. All this is very unreasonable, but it invariably occurs; and only proves the truth of what has been said in the foregoing, that an easy money market is to many people a bane rather than a blessing. We are led into this strain of remark very much for the reason that it is so pertinent to the present time. There is a general air of vivacity and hopefulness in the conditions of trade and the hopefulness has a reasonably good foundation in the fact of good crops and fair prices for our exports generally, along with the extraordinary gold developments of the Klondyke region. These last have given a very great impetus to certain lines of production, while the gold that has come out has probably not much more than repaid the immense expenditure in getting in. But all this expenditure has stimulated trade, and the stimulus will continue if the gold fever continues. Of the larger effect of this increased gold production upon the money markets of the world we do not speak at present, our attention being solely occupied with its bearing upon the business of Canada.