

Some change in the banking and currency laws of England will be proposed by the Chancellor of the Exchequer next session. Mr. Gladstone has announced his intention to propose currency reforms on his own account, which is thought to imply that he will support the Government proposal, as he aided in the debt conversion. It may be taken for granted that an issue of £1 notes will form part of the scheme; but by whom they will be issued and how secured are uncertain. Mr. Gladstone let drop an opinion some time ago that the public ought to derive greater advantages from the issue of notes; and it is not impossible that a division of the profit of the issue between the Government and the banks will be proposed. As to the security of the notes, it is well understood that immediate convertibility is the thing wanted. Secured they will be absolutely, in some form, and it is not impossible that Government securities may to a certain extent be used for that purpose. It is noticeable that the banking situation has changed for the worse, in England, in the last ten years. The proportion of cash in hand to liabilities, which in 1879 was 12½ per cent., has fallen to 10.3, and only part of the cash balances is available as a cash reserve. This statement does not include several banks, the inclusion of which would not present a better result.

The Ontario Government has issued a circular to the municipalities, asking opinions on the subject of exemptions. The list is a long one, embracing twenty-six different items. Some of them appear to be unnecessary, such as public roads, unless owned by private parties, and public property of the municipalities, including poor-houses. It is obvious that properties which differ greatly from one another cannot be dealt with in the same answer. Some exemptions it would be useless to remove, because to tax the property of the municipality would merely be going to the trouble of taking money out of one pocket and putting it into the other. Where land is taxed, it would obviously be unreasonable to tax rents derived from it. Church lands are not taxed at all, and it would be hard to show why the exemption should exist. The list in the circular requires to be treated with due discrimination.

—At a banquet given to him the other night, at Zanzibar, Stanley pointed to some of the practical results likely to be the outcome of the recent explorations in South and Central Africa. Foremost among these is the early commercial development of the British East Africa Company's territory. He emphasised the importance of connecting the coast, at Mombassa, with Victoria Nyanza by means of a railway. The country to be traversed possesses a large population, among which a market for European manufactures would be found. He had previously announced his intention to devote the remainder of his life to forwarding the great work of opening this part of Africa to European civilization. His way of looking at the matter is eminently practical,

and is the one by which success can most speedily be attained. No one has done so much to initiate this great work as the intrepid explorer Stanley himself.

BANKING REVIEW.

This is the last review for the year. We recently remarked in this journal that Christmas was a time of mutual gift-making and family gatherings, and we trust our readers have enjoyed the occasion as became such a festival. There is, however, another aspect of it: Christmas is very near the end of the year. The end of the year is a time for stock-taking, balancing of accounts, and reviewing the position. In some lines of business another season seems more convenient than the end of the year for this; but to the majority, there can be no doubt, this would be the most convenient time. Nothing can be more mischievous than to pass by the time of balancing up and stock-taking. Either to omit it altogether or to do it in a half-hearted or perfunctory fashion is equally mischievous. There is a strong temptation to this when business has not been going on well. It requires sometimes a good deal of nerve to sit down resolutely and face the true position of things. This process, though unpleasant at the time, may save a man from ruin. For if he finds out that his business has been going wrong he will probably apply a remedy. But, if he is content to let things drift on, hoping in a slovenly fashion that in some way or other they will come right, in nine cases out of ten they will drift from bad to worse, and he will be brought up by a creditor making a demand for assignment.

A large number of the failures that occur in the country arise from bad book-keeping and want of knowledge as to how a man's affairs are progressing from time to time. Bad book-keeping leads to foolish selling and foolish crediting. Many a man does not know what the goods he sells really cost him, especially if he has to manufacture them himself. He makes a rule of thumb calculation and sells at a certain price, supposing this will yield him a profit. It is sometimes a man's assignee that finds out that the man has been under a mistake all the time and has been selling goods at a loss. Better that he should find this out himself in good time, so as to prevent the necessity of an assignee at all. Bad book-keeping also leads to persons being trusted to far larger amounts than is prudent for them to owe.

Now a thorough overhauling once a year reveals what the true course of business has been during that year. And if there have been leaks of an unsuspected character (and there often are), it will lead to their being stopped.

In many lines of business there can be a stock-taking and balancing oftener than once a year. The old adage that "short reckonings make long friends" is undoubtedly true. For "short reckonings" prevent disputes, which often ripen into law-suits, besides preventing unreasonable amounts of credit being given or taken. The adage may be applied in another way

—"short reckonings make safe business." Every man who takes credit ought to keep well advised by private memoranda from time to time how much he owes; and every man who gives credit should keep careful and quick track of what his principal debtors owe him. The banks are compelled by law to furnish statements of their business to the Government once a month. This they cannot do without balancing them. Private bankers, though they are not compelled by law to do so, should make out such statements for their own protection.

The course of business during the year has not been altogether satisfactory. There has been an abatement certainly to some extent of the senseless competition which spoiled the profits of certain lines of business last year; but it takes more than one year to recover from the effects of such a style of business as was carried on. The record of failures this year is only too significant of the rottenness that was concealed up to a year ago, and of the foolish style in which persons of slender means have been able by banking facilities to do far more business than was prudent to attempt.

The banks have had their share in the consequences of these failures, and deductions from net profits, taken altogether, have been heavy. If it is true that mercantile credit is dispensed with altogether too liberal a hand, it is equally true that banking credit is exposed to the same reproach. It is altogether too easy to borrow money from banking institutions, and, as a natural consequence, what is borrowed too easily is used carelessly. The old adage is true here: "Easy come, easy go." The natural result of all this is that loss is made out of it and not profit. A trader presumably borrows money from a bank because he can make a profit on it over and above the interest he pays.

But many lines of business are carried on in such a way that the whole net profit does not amount to as much as the six or seven per cent. that the bank charges. This does not show that banks charge too much for money; competition will prevent that. It does, however, show that many persons borrow too much. The bane of Canadian business is that too much business is attempted on too small a capital. If credits were shorter, the same amount of business could be done on the same capital without any straining, and with half the borrowing. But with such long credits as prevail, and the carrying of unwieldy accounts which results from it, a firm cannot have half the turn-over which it ought to have, unless by borrowing such heavy sums as to eat away all the profit. Many a business in Canada is to-day in a crippled condition and some firms have been wiped out of existence simply and solely because they were once in such good credit that they could borrow anything they pleased. All this has been said before. It will apparently have to be said again. Bad habits of business are as bad as pine tree roots: they require years and years before they die out or can be exterminated.

The banks are still paying money out of their reserves, which are getting lower and

lower. Some little, and make are being withdrawn and circulation All the signs point to a curtailment of interest for money.

Parliament will probably take the Banking Act. time will show. ambitious legislation though some better may under

ABSTRACT

30th November

Description.

Capital paid up.
Circulation
Deposits
Loans & Discounts
Cash and Foreign
balances (Net).

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CAN

The question so many storekeepers well be answered. Without, however, upon the broader for failure of true observation point.

Because there
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We would mark failure, and it credit. One plenty. A man in 1883, failed He owed \$22,000 of \$11,638 worth and \$13,710 in the hands of nominal margin 54 per cent. of his. He considered "good," no doubt. But we know that collected from out to be bad. has a right to go of his creditors "on tick."

Another instance northern town course he got it it is unhappily sensible, firm-f set their faces