

that so conservative and salutary a change would give to the business. It would be immensely better to face the issue now, when no harm could result, than to have all the work of curtailment to do when a time of panic comes, as it will some day. Nothing could be more perilous, not to say absolutely and necessarily ruinous, than these overlapping credits, at such a time. Thousands of small traders would positively refuse to face their long-drawn-out liabilities. We should have a crop of compromises as plentiful as blackberries in July. Now is the time to take effective steps to prevent all this, to put trade on a sound, profitable and legitimate basis. Our best houses ought to unite in this matter and resolve to carry it through; it would then be but a light task. Until such a step is taken we shall regard it as a duty to reiterate our convictions, and urge the matter with all the earnestness which the great importance of the subject demands.

DOMINION BANK.

After encountering more difficulties than usually fall to the lot of new financial undertakings, this Bank is now fairly organized; the necessary amount of stock has been taken, and the directors anticipate an early commencement under their charter. Mr. Bethune brings to the responsible post of Cashier an unblemished reputation as a man, good abilities as a financier, undoubted qualifications as an accountant, and an amount of experience, acquired as an agent of the Quebec Bank, that will prove serviceable in the onerous task of organizing and imparting system, vitality, and vigor to the new Institution. He will find valuable aid in his duties in the active co-operation of the directors, a number of whom are men of business capacity, good judgment, and ample experience.

It will be doubted by some whether there is a profitable field for a new bank to cultivate; or, in other words, whether there is trade enough to give employment to so considerable an addition to our present banking capital. The answer to this is found in the large profits that all our well-managed banks reap, and the consequent high quotations of their shares. While banking profits continue large, capital will naturally be attracted to bank shares. A whole crop of building societies is springing up in Toronto and the West, because three or four institutions have been singularly successful; the same tendency is observable in the case of banks. Every new bank that is organized is a step in the direction of cheaper money, since the effect is to increase the competition among lenders. Cheap money means activity

in trade, in manufactures, and in material progress, and is therefore just what is wanted for the development of our national resources.

We hope the Dominion Bank will avoid the baited snare in which too many banks have been caught—that is, numerous unwieldy agencies, established without due regard to the amount and quality of business they can furnish. We have too high an opinion of the management to suppose it possible that they will fall into this trap. Altogether, we think there is good reason to predict a prosperous career for this Institution. Being a local bank, it will possess strong claims upon the patronage of our business men, and can scarcely fail to procure a full share of legitimate, paying business.

COMMERCIAL REVIEW.

The excitement in reference to the threatened prosecution of the Bank of Montreal for a breach of the usury laws of the State of New York has subsided, as (if this action was ever seriously contemplated) no prosecution was ever commenced. The rumor, however, directed attention to this class of banking business, and the explanations elicited as to its nature have helped to dissipate the prejudice entertained against it, and so to re-establish public confidence in the prudence of our bankers.

A cloud more ominous than that, and not likely to be as rapidly dispersed, has arisen in Europe. Russia, humiliated by the conditions of the treaty of 1856, concluded after the Crimean War, which excluded from the Black Sea all her vessels of war, and practically confined her as a great power to the scanty seaboard of the Baltic, has deemed the present time, when her hereditary foe is prostrate and helpless, a good opportunity for an effort to annul that treaty. With an audacity which shows that her rulers have no idea of there being anything binding in such a covenant, except fear of retribution, Russia has declared it to be her intention to disregard that treaty. This declaration was answered by Lord Granville in a masterly dispatch, in which he showed that if this action were taken, it would be tantamount to an abrogation of any international treaty in existence, and that England would not suffer such an open violation of the comity of nations. The effect on the money market was not so marked as might have been anticipated. Consols, however, fell two per cent., and gold went up, with a corresponding depression in United States securities, and a general apprehension of money tightening, which will be experienced even though the difficulty be tided over. It is very probable, however, that war will arise on this question

at some time or other. But for the fear of that aggressive policy which has so long characterized Russia, and which, in such an event, would be a serious menace to the Indian possessions of England, there can be no doubt that, for the interests of civilization, it would be better for the Turkish Empire to be governed by such a power as Russia than left, as now, to a semi-barbarous race, who make no progress in either material or moral prosperity, and leave the vast natural resources of that land as undeveloped as the rest of Europe was in the days of Cæsar.

In New York, "money," as an article of commerce, is of such vast importance that the brokers there are informed of the least variations of the European markets, and know as early of changes in the Stock Exchange at London as the bankers in the adjoining streets. Here we are directly affected by the state of the crops, their yield, and the prices obtained for them. Unhappily, our wheat crop is turning out short, and millers find it necessary to buy in Chicago or Milwaukee. As these purchases have all to be made in money, it is quite clear that there will be so much less for expenditure at home, and this means not only dearer money, but less trade, as the farmers have not so much to expend in those necessities and luxuries which are supplied by the country store-keeper, who will find his till emptier and his shelves fuller than desirable for some time to come. There is some reason to fear that our imports, which have been unusually heavy, will prove to have been in excess of our power to pay for conveniently, and consequently losses may be apprehended, as aforetime. It is pretty certain, too, that the demand for accommodation will tighten the purse strings of bankers and lenders considerably between now and next harvest. Despite, however, the partial failure of our crops, the country is showing every sign of steady prosperity, and confidence in its future is felt by all who have a stake in it, especially the large capitalists who have grown up amongst us.

The Narrow Gauge Railways are making satisfactory progress, and it is reported that the Grey and Bruce, which has laid down about fifteen miles of rails, runs remarkably well, and amply fulfills the expectations of its promoters. The same remark applies to the Nipissing line, which will help greatly to develop the region to the northeast of the city, and open up the lumber districts of our backwoods lakes.

The Montreal *Witness* has raised the question as to whether it would not be better to adopt the English custom of making all promissory notes and acceptances payable at the payer's bankers? "In this case for payment, all needful to be done would be to