

ports. In the quantity of produce carried Montreal was once second only to New York; now it is beaten by Philadelphia and Baltimore as well. No reduction of tolls ever increased the traffic on the Erie canal; and the abolition of tolls on our canals, when tried, was found powerless to divert traffic from the Erie "or affect in the slightest degree the channel of commerce through the United States." Free canals on the St. Lawrence have never prevented American traffic, when it reached lake Ontario, going by Oswego. Experience, it cannot be denied, does not offer any encouragement for Canada to free her canals from tolls. Whether a further enlargement of the Welland, which Mr. Douglas advocates, would pay, is by no means certain.

In another article we give later figures, showing that the experiment of reducing the tolls on the St. Lawrence canals has not prevented the traffic still further declining, in the present year.

### BANKING REVIEW.

We gave last week the usual statement of the condition of the banks at the close of November. We now append our summary of the same by provinces:

#### ABSTRACT OF BANK RETURNS.

30TH NOVEMBER, 1883. [In thousands.]				
Description.	Banks in Quebec.	Banks in Ontario.	Banks in Maritime Prov's.	Total.
Capital paid up ..	\$ 36,292	\$ 18,428	\$ 6,694	\$ 61,414
Circulation .....	17,399	12,229	4,380	34,008
Deposits .....	56,565	40,577	10,786	107,928
Loans & discounts..	86,510	63,979	19,101	169,590
Cash and foreign balances (Net)...	27,581	10,158	2,650	40,389

29TH NOVEMBER, 1884. [In thousands.]				
Description.	Banks in Quebec.	Banks in Ontario.	Banks in Maritime Prov's.	Total.
Capital paid up....	\$ 36,305	\$ 18,894	\$ 6,380	\$ 61,579
Circulation .....	18,039	11,711	3,904	33,654
Deposits .....	51,009	36,999	10,030	98,038
Loans & Discounts.	85,228	61,098	17,557	163,883
Cash and Foreign Balances (Net)...	23,303	10,185	2,843	36,331

Financial matters are pursuing their usual sluggish course. There is no energy or activity in business, and but little profit results from it as a whole, yet the number of failures is not unusually large. In one instance however, a firm, bearing an old and very honorable name, in Montreal, has collapsed. Capital having been drawn out by former partners, and a high style of living kept up on diminished business and resources. It is one great bane of our modern system of business that people will go on spending money whether they are earning it or not. This is not honest. We have had during the last year or two flagrant instances of firms whose partners lived in an extravagant style when they knew well that their business was rotten to the core. It is better to sell horses and carriages in good time, than let them drag a man down to ruin. The members of

one of the wealthiest firms in Canada set a good example of this some years ago. After a year or two of diminished profits, they set to work to put their house in order, economized severely, lopped off luxuries, and set their expenditure on a scale commensurate with the real position of affairs. They did not care what their neighbors thought. Their chief anxiety was to maintain the honorable name they had won. It scarcely needs be said that this firm *did not fail*. It never has failed, and is never likely to do so. The example of this firm might be imitated with advantage by the rising generation of merchants. We have said that such expenditure as is before referred to is not honest. No honorable man would allow his creditors to support his family in luxury, and drain away their means in order to enable him to keep up style. It is time there was a better tone of mercantile honor with regard to such matters.

Yet there are mercantile firms, and even manufacturing firms, which are doing a prosperous business at present. Where manufacturers have had the sense to avoid unwise locking up of capital in building and ambitious extension, and at the same time conduct their business economically, they are doing well even in these times. There are mercantile houses whose members say they have no reason to complain either of sales or remittances. But these houses have laid the foundation of success in thorough knowledge, adequate capital, hard work and severe economy. There are people in trade who look upon their business as a sort of gentlemanly occupation for an idle man. The system of joint-stock companies rather fosters this than otherwise. Where two or three partners have the undivided responsibility, and do business at the risk of all they are worth in the world, there is a reasonable prospect of success. But in a limited joint-stock company, the men who have the responsibility often take little practical part in the management and do not pretend to devote much time to it. They leave this to salaried employees. And such companies are peculiarly exposed to the danger of over-building and over-producing, inasmuch as new capital can readily be procured for these purposes in prosperous years. Time, however, will cure many of these evils; though in our judgment it will take a considerable time.

There is a rumor that another bank is to be established in this city. We should have thought there were signs enough of "over-production" in this department also, sufficient to deter any prudent person from venturing his money in such a wild goose chase. Whether people venture their money or not in such a concern may be said to be their own affair. If they lose it, nobody but themselves will be to blame. This, however, is only partly true. A chartered bank has its public as well as its private side. It has power to issue notes, and it does business under the prestige of a parliamentary sanction. The public, therefore has an interest in seeing that institutions established by unsound methods do not get a footing amongst us. Now we have no wish to discourage enterprise in any direction, but

we cannot see that this enterprise of the Traders' Bank rests upon a sound foundation. There is a sort of unreal appearance about it at the very outset. It was got up and promoted by a number of people in Bowmanville, all of whom are respectable people, in their locality, and if the bank proposed to have its principal office in Bowmanville the criticism we are making would be entirely inapplicable. But these Bowmanville people have been allowed, by an oversight of the Legislature, to place the headquarters of the bank in Toronto, where not one of them lives. They know nothing about banking in Toronto, and with all due respect to them when operating in their own sphere, we say they will be out of their sphere in the financial capital of Ontario. The bank, in this respect, will start if at all with a weak spot in it. It is in the nature of a sham to put a concern of this kind alongside banks backed by the wealthy and influential business connections of the directors and stockholders of other banks in this city. But it is further rumored that a gentleman has been chosen as chief manager who has just made a disastrous and ruinous *fiasco* as manager of another institution. The career of the Federal Bank for years past has been a thoroughly discreditable one. It has been notorious for its connection with stock jobbing; for its evasion of the plain requirements of the law, and for violation of the plainest principles of common sense in lending money. The Federal Bank has ruined numbers of its stockholders and caused numbers of others to lose far more than they could afford. It may be said that this is their own affair entirely. We deny it. The public has something to say about this. The career of the Federal Bank under its old management was a bad element in the business community in Canada, and the public has an interest in seeing that nothing of this kind is let loose upon the community again. We are bound to take notice of this element in the proposed organization, and herein lies the mischief of a number of people in a small town allowing their foolish ambition to carry them beyond the bounds of prudence and good sense. If the Traders' Bank was, as it ought to be, a Bowmanville affair, the promoters would no doubt exercise good judgment in choosing a man to manage it. But what do they know, and what can they know, about the responsibilities connected with the management of a bank in a centre like Toronto? The whole scheme has an unfavorable look about it. The foundation is not sound, although the project got a parliamentary charter. We observe that a contemporary has already sounded a note of warning upon the subject. The warning, apparently, is addressed to the Government, which is requested to see that there is no trickery or evasion of the law perpetrated when the bank is allowed (if it ever be allowed) to commence business. There are men who are perfectly familiar with the arts by which mere bogus capital can be made to stand for real capital. The Government was far too lax on a former occasion, when the laws were openly evaded. It will probably recognize now that it has a duty to see that the law is not evaded in this instance.