that profits would go on constantly expanding. They enlarged their expenditure, built new houses, set up carriages, opened up larger and larger connections. Then came the falling off in public expenditure to which Sir Francis Hincks refers. This led to diminished demand and to a fall in prices. They met this by forcing sales, and as this led to demands for renewal, by financing. Many added to all this a vast amount of outside speculation. Curtailment in such cases is the last thing thought of. The game must be kept up. More and more goods are ordered. Sales become more and more a matter of forcing, dating forward, long credit, etc. The concern gets deeper and deeper into debt, until finally, creditors after forbearing long, can bear no longer, and the affair comes to a stop and pays twenty cents on the dollar.

We ask any one who is acquainted with numerous cases of insolvency which have disgraced our mercantile records during last year, if this or something like this, has not been the story; and if the features of the time in a large number of cases have not been over-importation, over-production, unreasonable borrowing and extravagance.

However, our columns are open to a further discussion of the subject.

FINANCIAL REVIEW.

The following is the official return for the Banks of Ontario and Quebec for May last:

LIABILITIES.

	Apl. 30, '76.	May 31, '76.
Capital authorized ..	68,966,666	68,966,666
Capital paid up	61,704,389	61,183,627
Circulation	18,008,649	16,673,224
Government deposits	9,403,215	9,112,363
Public deposits on demand	31,855,718	33,033,370
Public deposits at notice............	24,255,593	24,033,003
Due other Banks in Canada	1,699,222	1,679,062
Due Banks not in Canada	3,456,405	3,758,750
Sundries	157,987	236,897
	$88,836,789	$88,526,669

ASSETS.

	Apl. 30, '76.	May 31, '76.
Specie and Provincial Notes............	14,699,136	14,412,607
Notes and cheques of other Banks	3,133,451	3,882,013
Due from other Banks in Canada........	2,870,353	2,851,492
Due from Banks not in Canada........	8,336,438	7,679,354
Available assets ..	$29,039,378	$28,825,466
Government stock ..	1,162,262	1,162,262
Loans to Government	125,949	105,237
Loans to corporations	3,078,993	3,616,143
Discounts current ..	122,171,365	120,675,598
Notes overdue	6,880,523	5,944,921
Real estate	867,311	919,084
Bank premises......	2,905,191	2,935,713
Other assets........	2,399,360	1,891,756
	$168,630,332	$166,076,189

The continued plentifulness of money is evident from these figures. Discounts have shrunk a million and a half, and overdue notes also near a million since April. The item "other assets" has also gone down half a million, making a total of three millions less in the amount of advances in one month. Circulation has receded also a million and a half, by which amount, and no doubt in consequence, the deposits on demand have increased.

All these changes indicate a diminished demand for money, and will leave large sums in the banks without employment. Such a plethora has often led to highly dangerous operations in order to put such funds to active use. The field, however, is so limited for new enterprises or investments that some time is likely to elapse before money will be in very active demand. Indeed the prospects of next harvest are so bright that another tide of wealth is likely to flow over the country. Not only will the rumours and risks of war interfere with grain growing operations in Europe, as nothing paralyzes agriculture so much as the fear of war, but there is an impression growing that the wheat fields of Poland and North Germany will be seriously damaged this year by an insect pest. In any case, if we have large crops, they bring us abundant means, and while the larger industries may not be revived, after next harvest there is every probability of there being a marked revival in business from the expenditures which must follow heavy receipts for harvest products. Already the very active export of grain is telling favourably in this direction. Some merchants say business is better than last year, and retailers speak of making more cash sales—a hopeful sign. The stagnation in the shipping interest abroad is sending large numbers of vessels to Quebec. Some three hundred have arrived, nearly double those of last year. While all may not find freight, still the exports of timber will be large, and to some leading houses this will prove a profitable season. But for lumber there is no chance of revival until our power of production is reduced. While additions to stocks are being made larger than what meets the demand, the old stocks remain and increase until profits are absorbed in carrying them.

The banks have nearly all told the same story with regard to the past year, and the prospect of business and profits for the coming twelve months is by no means assuring. We are likely to experience the inconvenience of having increased the paid up capital of our banks as fast as has been due for the last few years. The pressure to earn dividends on these large capitals will be great, while business continues on a restricted scale. It is difficult for banks to resist proposals for increased business at such a time even if they see unsound elements in it. But if they are wise, and banks are nothing if they are not, they will prefer small profits on safe transactions to launching out again on uncertain seas.

FURTHER BANK MEETINGS.

Since our last issue, three other banks have held their annual meetings, all of them Ontario institutions. On Tuesday the directors of the Bank of Hamilton met the stockholders and presented what must be regarded as a very satisfactory statement, considering the times we have passed through. After making ample provision for bad and doubtful debts, the earnings for the year had amounted to nearly twelve per cent. on the capital; a fact which reflects credit on the management, provided the provision above named was sufficient, which there is no reason to doubt. The remarks made by the President were very pertinent and sensible. He stated that the prosperous period through which we had passed had induced over-trading and extravagance, and besides this, over-investing in outside enterprises which have turned out almost wholly unremunerative. This latter remark is most true, and sufficient attention, we are convinced, has not been paid to it. In almost every instance of insolvency on a large scale, we have had revelations of outside speculation. The bank has a somewhat restricted field, but it is in safe hands. It has already obtained the nucleus of a Rest, and will doubtless work up into a good position as the country progresses to its former prosperity. We are exceedingly glad to find that the directors have had the prudence to put aside the sum of $10,000 for rebate on current discounts: one of the wisest steps a young institution could take.

The Federal Bank, Toronto, has only been two years in existence, but has achieved a good position already, and it has good prospects. The bad debts made during the year are stated, and they certainly are marvellously small. To have lost less than $1,000 in such a year as the last, indicates an extraordinary amount of foresight and judgment. We trust the estimate has been made cautiously and prudently. Experience teaches us that it is sometimes possible to be too sanguine in such cases, and the naming of the amount of losses may be found, at a future day, an inconvenient precedent. The officers of the bank, however, doubtless understand what they are about, and they are very much to be commended for the policy of paying only a small