storics, constructed of steel and granite. The floors are marble or hardwood, and the wood work solid mahogany, which, we trust, has been subjected to electric fire-proofing. The Pittsburg agency of the Equitable has \$57,720,043 of assurance in force. We are obliged to manager Wood for his courteous invitation, which stress of business compels us to decline.

## ARE SMALL BANKS NECESSARY FOR SMALL CUSTOMERS.

From a statement just issued from the office of the Comptroller of the currency, U.S., we learn the following details in regard to National Banks:

	March, 1902.	March, 1900.	Increase.
Number of National banks.	4,422	3,617	\$ 805
Capital authorized	672.759,195 319,526,330	616,308,095 244,611,570	
Circulation, secured by bonds	317,460,382	216,374,795	101,085,587

The average capital of the new national banks established since 1900 is \$70,000. The "New York Commercial Bulletin" expresses disappointment at there having been so few new banks of small capital established, banks that is of less than \$50,000 capital, which condition it speaks of as,

"Discouraging, inasmuch as they do not indicate that the small banks are being numerously organized in many of the States where they are most needed and where it was expected they would almost instantly spring up, the general tendency does indicate that the small banks are meeting a want in some outlying parts of the country where the previous requirements in regard to capitalization kept the institutions from being organized under the national system. Moreover, and most discouraging of all, there seems to be very little more disposition on the part of the small banks to deposit bonds and take out circulation than is shown by the larger institutions."

The law of March 14, 1900, "continues to be a disappointment in the chief matter which it was designed to remedy. This is the organization of small banks for the convenience of borrowers of limited means and small transactions in outlying districts and in those parts of the country where interest rates are excessive and banking facilities are poor."

"The organization of small banks," banks that is of very small capital, "for the convenience of borrowers of limited means and small transactions," expresses an idea which is based upon a fallacy in banking. The smallest banking transactions known are conducted by the Bank of France which is one of the largest banks in the world. Yet, in 1900, the trade bills under \$20 discounted by the Bank of France was 2,328,300, and the average of 16,785,000 bills discounted in 1900 was only \$145. The Bank of Sweden also does a large business with small customers. It is manifest, therefore, from such facts, as it is also from others well known to those

familiar with banking, that there is nothing in the conditions of a bank of large capital to hinder its "accommodating borrowers of limited means and small transactions." There are thousands of accounts in our Canadian banks, whose capitals run from one to several millions of dollars, which show only "small transactions." This is also the case in England, Scotland and Ireland, where all the banks have capital ranging into millions of dollars. The notion that retail merchants, who constitute the bulk of the "borrowers of limited means and small transactions," commonly do business with a very small bank reminds of the saying, "who deals in fat oxen must himself be fat," which implies, that he who deals in lean oxen must himself be lean. A small bank it is true has no resources for large loans, but that does not imply that a large bank, a bank of large capital, must only have large accounts, with large transactions. The strongest, best organized, and most effectively managed banks in Canada afford facilities to a minor class of customers in places where, necessarily, banking accommodation is needed by "borrowers of limited means and small transactions." The idea, therefore, that small banks are necessary for the convenience of small customers is fantastical, as much so indeed as that small stores are required to accommodate small buyers.

There is a special danger moreover incident to banks of trifling capital, such as those the nonincrease which our contemporary deplores, that is banks of less than \$50,000 capital. Banks of such very limited resources are compelled to confine their business to one class of customers within one locality. Thus their welfare is bound up within the narrow interests of a class of traders who are, of all others, the most fragile, the least able to bear up in times of depression, the most prone to imprudences in both buying and selling on credit. Hence a bank so situated, which is wholly dependent upon small customers in one locality, is in a continuous state of peril from fluctuations in the local trade, and upon the welfare of a weak class of customers who, as a rule, have no reserve of financial strength. So far then from regarding the non-development of miniature national banks in the States as "disappointing," or, "discouraging," this is a matter for eminent satisfaction, and it would be well indeed if it indicated a reaction against the establishment of banks of wholly insufficient capital to afford any guarantee of stability and permanence. The more the system of Canada and the old country is studied by our friends in the States the more impressed they will be with the absolute superiority, in all respects, of the plan of strong central banks with branches adapted to outside localities.