one can foresee what the coming year may bring forth, and how the risks may develop into failures and losses. With all the foresight of the most judicious bankers amongst us, it comes about often enough that unexpected events and embarrassments ensue, and unexpected cases of deceit or absolute dishonesty transpire. In the case of the majority of failures it is true that premonitory symptoms will show themselves just as a coming storm can be scented at sea, and sail may be taken in accordingly. But there are cases almost every year in which men of the highest reputed probity turn out deceivers; or firms with a satisfactory amount of capital enter upon disastrous ventures. These are the things that try the patience and courage of the ablest men in banking circles, and it is usually from cases like this that the losses of banks arise. It is very easy to say that all transactions offered to a banker are either good or bad; if good they should be accepted, if bad they should be rejected; a plain and simple formula as easy to understand as that "two and two make four." But in that word good, and in the other word bad, there are a thousand possibilities hidden; a hundred degrees of goodness or doubtfulness of which a banker has to judge, and in judging to bring all his experience and knowledge into play. No man, not even the most inexperienced banker, would take up a transaction that he knew to be bad. But the wisest may occasionally make mistakes in estimating the value of securities. The securities offered to banks are of a multifarious description and of infinitely diverse quality. And the peculiarity of a banker's business is this, that the value and condition of his securities is as variable as the seasons. An endorser may be abundantly good to-day and worth a mere nothing six months hence.

Merchandise, which when advanced on was amply sufficient for the loan, may so fall in value that the margin is lost. Of the thousands and tens of thousands of traders whose bills are discounted by the banks, some are going up and some are going down day by day, the conclusion of the whole matter being that nothing but constant watchfulness, well applied, and the acquiring of constant information, will enable the rocks and shoals of banking waters to be avoided.

All this is perfectly well known to the parties concerned, and no doubt they are well able to apply the lessons of the past in conducting the diversified operations of the coming year. They will be helped to some extent, as a whole, by the wise action of the Nova Scotia Legislature in amending the law and abolishing preferences in case of insolvency. But they will hardly be helped by an unwise law of Prince Edward Island, making a debt irrecoverable unless it can be proved that the goods were sold by a person having a license. Such an enactment, as against banks who have discounted notes of Prince Edward Island traders would undoubtedly be ruled out on appeal, as it so clearly trenches on the powers of the Dominion Legislature. That legislature alone has jurisdiction in banking and commerce. While a provincial legislature has undoubted powers in the matter of granting licenses, it cannot, we believe, impose such a penalty as is attempted by the recent Act.

It is probable, too, that the banks will get through the present year better in the absence of an insolvency law making discharge simple and easy. It may safely be said that there are numbers of people who will go through the year paying their obligations as fast as they arise (although it may be in some cases with difficulty) who would, had such a law passed as we have described, have taken advantage of it to pay their notes only to the extent of fifty cents on the dollar.

With regard to the business of the year before us, we know very well how it is affected by the character of the harvest. If the harvest is good and prices as at present the country will advance in prosperity. But then under the word harvest we are entitled to include all sorts of production, not only the products of the farm but the products of the forest, the mine, the factory, and the sea.

ABSTRACT OF BANK RETURNS.

31st May, 1897. [In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in the other Prov's.	Total.
Capital paid up	35,006	17,292	9,645	61,943
Circulation	15,280	10,601	5,939	31,820
Deposits	102,49[illegible]	76,136	30,919	209,545
Loans, Discounts and Investments	121,375	83,744	38,553	243,672
Cash, Foreign Balances (Net), and Call Loans	39,996	27,543	9,458	76,997
Legals	7,400	5,566	2,971	15,937
Specie	4,149	2,800	1,708	8,657
Call Loans	4,667	7,933	1,656	14,256
Investments	9,052	13,452	5,147	27,651

31st May, 1898. [In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up	35,320	17,334	9,648	62,302
Circulation	17,525	12,509	6,227	36,261
Deposits	109,324	90,240	33,438	233,002
Loans, Discounts and Investments	128,173	96,247	41,854	266,274
Cash, Foreign Balances (Net), and Call Loans	42,136	30,528	10,294	82,958
Legals	6,959	5,719	2,997	15,675
Specie	4,201	2,903	2,011	9,115
Call Loans	6,300	10,977	1,582	18,859
Investments	10,438	23,141	4,663	38,242

Government Savings Banks	$48,974,585	
Montreal City and District Savings Bank	9,931,406	
La Caisse d'Economie, Quebec (April)	6,048,030	
Loan Companies, 1897	19,000,000	
		$ 83,954,021
Bank Deposits		233,002,000
Total Deposits of all kinds		$316,956,021

GOVERNMENT CIRCULATION.

Small	$ 7,926,534
Large	14,089,550
	$22,016,084

Gold held, $10,651,630 = 48.38 per cent.

CANADIAN BANK OF COMMERCE.

With the use of deposits increased during the year to twenty-three millions of dollars, and shareholders' capital exceeding seven millions, besides a circulation of three millions, it must have been rather disappointing than otherwise to the authorities of the Canadian Bank of Commerce that the net earnings of this institution for the twelve months ended with May did not exceed $477,456. Still that sum represents almost 8 per cent. on the large paid capital of $6,000,000 in a generally unfavorable year, and is a distinct improvement on the earnings of any of three years preceding. After paying seven per cent. dividend the pension fund received an addition of $10,000, and there was written off bank premises and furniture account $25,000, a considerable sum being carried forward. Almost half the assets of the bank are in cash or readily available shape; and while this is satisfactory, as showing the strength of the bank's position, it is not a condition most favorable to large earnings. The report contains a reference to the appointment of the bank as sole agent of the Dominion Government for certain purposes in the Yukon country.

The authorities of the bank are of opinion that the revival of business which set in during earlier months of