

curred by the banks as a whole during any one year. In the conduct of such vast and multifarious transactions the banks must at times expect casualties. And so must their stockholders and the public generally. The great art of a prudent banker is to keep such casualties within reasonable limits, such limits, in fact, as will not impair the power of the bank to pay its dividend, and to add something if thought necessary, to the Reserve Fund. We know by experience that banks differ very materially in this respect. The casualties in some banks have been very much heavier than in others. When the losses of a year are such that no dividend can be paid, or that it can only be paid by drawing on the accumulations of former years, it is generally a sign of imprudent management. Not that the misfortunes of a single year should be sufficient to condemn the management as a whole. But if such a state of things continues for several years together, it is evident that the management is seriously at fault and should be changed.

The management of every bank must be judged by the amount of losses it makes. In this matter banks differ materially. Their experience does not vary much in the amount of profit they make on a given volume of transactions; though it does differ somewhat. But it is the losses that determine the final net result available for the stockholders. It was once said that the most successful general is he who makes the fewest mistakes. This is perfectly true of a banker also. The most successful banker is he who loses the least during a course of years on an equal amount of transactions.

It should be remembered also that banks suffer not only from insolvencies and failures but from frauds and forgeries: and not only by persons outside the bank but from officers within. In spite of all the checks, safeguards, surety bonds and general watchfulness in every direction, the banks suffer severely from these causes, and may be expected to suffer, unless the whole community attain a high standard of honor and keep to it.

In considering the possible profits of banking these are vital elements, and it is only a foolish ignoring of the real circumstances of the case which can lead to their being overlooked and forgotten. Speculators in stocks, and sometimes investors, however, do overlook these things and sometimes suffer severely for it.

There have been some important changes in the *personnel* of two of the leading banks. The Assistant General Manager of the Merchants' Bank has accepted a similar position in the Canadian Bank of Commerce, of which he was a trusted officer for many years. And the late General Manager of the Bank of Commerce has transferred his energies to the Merchants' Bank, where he has received the appointment of Branch Superintendent. Both these gentlemen have had large experience, and possess an intimate acquaintance with the business of every part of Canada. They will doubtless render efficient service in the spheres to which they have been appointed.

ABSTRACT OF BANK RETURNS.

31ST OCTOBER, 1885. [In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up..	\$ 35,916	\$ 17,526	\$ 8,229	\$ 61,671
Circulation	18,048	11,852	4,876	34,576
Deposits	53,148	39,142	12,019	104,809
Loans & Discounts	82,006	59,764	17,956	159,726
Cash and Foreign balances (Net)...	23,006	10,717	5,336	39,061

31ST OCTOBER, 1886. [In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up..	\$ 35,210	\$ 18,150	\$ 7,796	\$ 61,156
Circulation	18,174	12,168	4,980	35,322
Deposits	54,778	44,802	12,709	112,289
Loans & Discounts	87,054	65,572	17,858	170,474
Cash and Foreign balances (Net)...	20,544	9,027	4,323	33,894

THE LABOR COMMISSION.

A royal commission is to be appointed to enquire into the questions that are constantly arising between employers and workmen. It is proposed to make it a thoroughly representative body, at least on the side of labor: upon it, Sir John Macdonald recently stated at Hamilton, "will be placed workmen, not mere amateur working men, but real artisans working at their trades." Employers, also, it may be presumed, will be represented on the commission. Whether the composition of this body will end here, we do not know; but it would scarcely be complete if it did. Questions of this kind cannot be satisfactorily decided by rule of thumb; and if the commission be without scientific knowledge, if there be no one on it who has a fair knowledge of the economic principles which, do what we will, are involved in the working out of such questions, the work cannot possibly be well done.

The scope of the enquiry has not been left in doubt. It will, in the words of the first minister, "have power to inquire and report on the subject of labour, its relation to capital, the hours of labour and the earnings of laboring men and women, and the means of promoting their material, social, intellectual and moral prosperity, and of developing the productive industries of the Dominion so as to advance and improve the trade and commerce of Canada; also to inquire and report on the practical operation of arbitration and conciliation in the settlement of disputes between employers and employees. Also to enquire and report as to the expediency of placing all such matters as are to form the subjects of inquiry under the administration of one of the ministers of the Crown, who will be specially charged with the great and important questions relating to trade and commerce—in other words, to appoint a minister of trade and commerce, who will have under his charge and supervision all the numerous and important questions that arise, directly or indirectly, concerning trade and commerce, and in doing so to carry out the results of the inquiry." On the result of this enquiry, then, will depend the establishment of a bureau of labor statistics. To this bureau, supposing it to be

established, will be committed the carrying out of the recommendations of the commission. The creation of the bureau may be taken as a foregone conclusion. What the commission will report cannot be precisely foreseen; and it may not be possible for the government to adopt all its recommendations. To assume the contrary, would be to take the ground that the commission will be merely a formality, intended to protect the government in following a line of policy which is predetermined.

This commission points to the possibility of extending the legislative authority to questions some of which had better be left to be settled by the mutual right of contract. On the relation of labor to capital it will be difficult to elicit anything new, by means of this enquiry; and if an attempt to strike out a new line be made, it is very likely to end in failure. What is wanted, first of all, is that the freedom of labor should be vindicated; that the right of each individual workman to make his own contract should be guaranteed against the dictation of labor unions. Labor requires protection in the house of its friends. The first question that arises concerning labor is the right of the individual laborer. This right, we dare say, is well enough protected, so far as the letter of the law goes; in practice it is often grossly violated. Any additional relief that may be required is not likely to be afforded by any executive machinery or the erection of which the recommendations of the commission may lead. The enquiry, if kept within due limits, is a very proper one; but it is difficult to get rid of the idea that it has a direct reference to the labor vote; for both political parties approach the labor question in an expectant attitude, and with an eye to political support. And here lies the danger, if danger there be, that the enquiry may be carried into regions where it may prove to be rather mischievous than helpful. The hours of labor are, up to a certain point, a proper subject for legislative command: the protection of children from too severe a strain being put upon them is a legitimate, indeed the imperative duty of the State. Similar paternal legislation has, in some countries, dealt with women's labor. But here the legislature approaches the limits of its powers for good, if it does not sometimes transcend that limit. There may be special cases in which the weaker sex requires special protection, as to the conditions on which its labor is contracted for; but here, as with the other sex, freedom of contract will generally be found to be better than legislative restriction. The hours of children's labor may properly be limited by legislation; so may those of women's, too, in certain cases; but in general, freedom of contract will be best for her as well as for the other sex.

"The means of promoting the material, social, intellectual and moral prosperity" of the working people will scarcely be found in legislation which the commission may recommend. These blessings belong chiefly to conduct, on which the influence of legislation is limited. Legislation intended to affect the material prosperity of the wage-earners is as often delusive as not. Social, intellectual, and even moral conditions de-