

as a body have now the advantage of this state of things in the saving of a loss of a considerable amount.

The disasters that overthrew this institution, however, in spite of the able men that sat at its board, only demonstrate what has so often been asserted that banking is a technical business and can only be carried on successfully by those who have mastered it as a profession. In this case, we had a strong board of able men, each of whom had been eminently successful in his own business. Yet, when they came to act together in administering the affairs of a bank, all their knowledge and ability did not prevent it from coming to an absolute stop, owing to the incapacity and dishonesty of the Manager. Had the Manager been as able and honest as the members of the board, there could be no doubt that the Bank would have been in a flourishing condition. But as it stands to-day, the directors come before the public with a confession that a considerable part of the capital, in addition to all that was supposed to be in reserve, has been irrecoverably lost. The reduction in the assets is set down at \$341,000, and it is proposed to reduce the capital to \$500,000. Supposing all the rest of the assets to be good, the Bank will start business on its reduced capital with a surplus of about \$150,000.

In this condition of things it was open to the Directors to recommend either a winding up of the concern or a continuance upon a much reduced basis of capital. It is, in the opinion of some, to be regretted that they chose the latter alternative. By so doing, it is said, they only perpetuate, what is admitted to have been the cause of much of our past distress and trouble, namely, the undue multiplication of banks and the unwise addition to banking capital.

Of the three banks that suspended payment last year, in the Province of Quebec, two are now in course of liquidation. The Exchange Bank, however, has re-opened its doors, and is continuing its business. Many are of the opinion that the number of banking institutions is still too large, and that it would be to the interest of the commercial community, if, by amalgamation or discontinuance of business, the number were reduced.

The Stadacona Bank in Quebec took the initiative in the resolution to wind up its business without being compelled thereto by outside pressure. And the result, many think, has fully justified the wisdom of the course which was adopted. The bank has already paid off its liabilities to the public, and returned nearly ninety per cent. of its capital to its stockholders. The remainder will no doubt be paid in due time.

The Directors of the Exchange Bank have the impression, it seems, that it would be more for their interest to carry on the bank than to endeavor to collect in the assets and distribute them. They prefer, in fact, to enter upon new risks in lending, new liabilities in receiving, with all the complications that inevitably attend even a small banking business. They desire, in fact, to throw themselves into the keen competition for diminished profits in which all bankers are engaged at present. Matters are not now as they were some years ago. Good business is extremely difficult to be got, and what is quite as much to the point, good men are very difficult to be found as managers.

To gather even a moderate amount of deposits together, the bank will have to offer unusual inducements. It will be under temptation to introduce unreasonable competition and prevent the adjustment of the rate of interest on deposits to the value of money, which the Quebec Banks have just undertaken to do.

THE FAILURE LIST.

That the commercial condition in both the United States and Canada is remarkably improved this year as compared with last, is very apparent from the tabulated statement of failures prepared by Dun, Barlow & Co.'s Mercantile Agency. The American figures are as follow :

UNITED STATES.

6 mos. 1879, No. Failures, 4058, amounting to \$65,779,390
6 " 1880, " 2497, " 82,888,763

showing that the failures, of the first half of the present year aggregated exactly one-half those of the same period in 1879, which, in turn, were but half those of the half year of 1878. The latest quarter of the year shows a smaller number and amount of failures in the States than any quarter year for a long time.

The Canadian figures for the past six months are even more favorable. They are, compared with former years, as follow :—

6 mos. 1879, No. Failures, 1047, amounting to \$17,425,953
6 " 1880, " 649, " 5,660,848

Thus the liabilities of Canadian traders failed in the last half year are barely one-third those of the same period in 1878, and those of the latest quarter, numbering 146, and amounting to \$844,571, are in most gratifying contrast to the 392 failures, with \$4,407,800 liabilities, which formed the list for the second quarter of 1878.

The circular says, with reference to United States commerce and indebtedness :

"It is evident that the risks of business in the last six months, so far as credits are concerned, have been reduced to a minimum. The lessened volume of internal indebtedness resulting from the years of depression pre-

ceding 1879 is seen in the small amount of loss incurred through failures in the past year, especially when compared with the enormously increased volume of business transacted. The circumstances under which the present statistical comparison is made are, therefore, very advantageous, and the result is seen in the very favorable figures herewith presented. The figures, if taken in their broadest sense, would imply a condition of prosperity and a safety in granting credits hitherto not equalled in the history of the country. But it would be unsafe to rely too implicitly upon indications even as exact as these figures ; statistics of this nature are essentially the records of the immediate past, and are not in any sense prophetic. It would be unwise to ignore the existence of conditions of business which they do not in any degree illustrate. For instance, it is safe to say that for the next six months the chances of making money do not bear any comparison with the chances as they existed in the last six months of 1879. The circumstances of the two periods are almost precisely reversed. At this time last year stocks of almost every product were small and values at a minimum ; at the present hour the results of stimulated production, largely increased importation, and general activity, are seen in accumulations of goods and very uncertain values. The possibilities of making money, therefore, rest solely upon the slow and gradual absorption of goods by consumption. The ability of the country to absorb, consume, and pay for its requirements has never been greater ; and the gains that are to be made are likely to be the result of legitimate trade, rather than the quick profits which were realized last year from speculative advances. Those who can afford to wait for this gradual realization of their profits will doubtless participate in the general prosperity which exists, but it is painfully evident that there are many who are heavily weighted with merchandise bought at extreme prices, and whose profits even for the past year have been, or will be, pretty effectually extinguished by the settling in prices which is going on in almost every department of business."

—The *Courier des Etats-unis* predicts that the creation of the proposed Credit Foncier, in Paris, with Canada for the field of its operations, will reduce the rate of interest to six and a half per cent., in connection with a system of annual repayments that will clear off the sum borrowed, in a period of twenty or thirty years. The *Courier* goes further, and avers that this institution has so far thrown its shadow before, as to have had a noticeable effect on real estate transactions, lowering the rate of interest and raising the price of real property. This may be so in the Province of Quebec ; but we can only say that the news comes to us, for the first time, by way of New York. It would of course be impossible to launch an institution of the magnitude of that proposed without producing a sensible effect on the interest paid on real estate loans ; but it is difficult to see how that effect can be produced by