ring to the disturbance in financial circles, and the depression in the mercantile realm consequent upon the deficient harvest in Ontario, these, says Mr. Darling, " exposed, if they did not actually create, a few weak elements in the trade of the country." " A persistence in precautionary measures, until the result of the coming harvest is assured, is certainly the animating disposition at the moment among business people generally."

The *resume* of the events of the past year in financial circles given by the general manager of the Bank of Commerce is well worthy of careful reading, as a plain, intelligent, well-reasoned statement of conditions and their consequences. Money tightening in the early summer of 1887—importations too large—manufactures greatly stimulated—credit too easy—bank reserves low—the Ontario harvest defective. Later, the failures of the Bank of London and the Central Bank as well as those of several importing houses—the disturbance and distrust created thereby—the following liquidation of the Federal Bank—a severe stringency in money and an advance in the rates for deposits, occasioned by the competition of the Government savings banks—all these circumstances are passed in review, and the faults in our mercantile system discriminatingly dealt with.

We are reminded by Mr. Walker that " Over-importation or over-production at home—much the same thing—is the chief mercantile evil all over the world at present. . . But periods of congestion from over-production or over-importation we must expect to have, and all we may hope to do is to use our best judgment and call a halt at the first sign of danger. In Canada the evil is doubtless aggravated by our limited market."

Against the evils of long credits many bankers are steadily laboring, the speaker assures us, in good years as well as bad. " But how is the Canadian importer to shorten his credit to retailers as long as English and Scotch sellers offer goods on terms of credit which no sound importer here would think of offering, but with which he must compete somehow if he is to sell his goods ? "

Perhaps the greatest evil of all, in Mr. Walker's experience, is that of the too ready granting of credit, having regard to capacity for management and ability to pay. This refers to what are known as supply accounts. The average credit extended to retailers " who do not receive any particular indulgence from wholesale houses " averages about six or seven months; while the class of storekeepers who are supported by wholesale houses *do not pay for their goods in less than twelve or fifteen months*, as an average. Despite the dating ahead, the intense competition, and the other evils inevitable in the somewhat overdone condition of business all over the world, he still considers that " the importing business would from a banker's point of view be reasonably healthy if this particularly bad element were removed."

If Mr. Walker is right in his first very moderate estimate as to average length of credit, all we can say is that there must be more of the supply-account business done in Canada than either banker or merchant would be willing to admit. That it is a " particularly bad element " no one, having experience of its working, will be prepared to deny. To this vexed subject of excessive credit Mr. Hague, the general manager of the Merchants' Bank of Canada, makes a somewhat lengthy reference. Says that gentleman :—" Our methods of giving and taking credit want reforming ; · · all branches of trade are not alike in this particular ; but undoubtedly, in Canada, credit is often given both for too much and too long. · · Unreasonably long credits encourage overbuying and tend to recklessness. *Half the bad debts* of merchants and bankers are owing to them. · · Competition, no doubt, has brought this about, but it is an evil that should be grappled with. Having drifted into a bad system, it is not by drifting along that we shall get out of it, but by taking action," and the present, he urges, and with reason, is a good time to inaugurate a new departure. A feature of banking which has grown of late years, and to which Mr. Hague as well as others of his guild objects, as a fruitful cause of loss, is the sort of borrowing from banks not only by the discount of customers' bills, but in the way of direct loans of money, often without security. It appears that this, " which formerly was an exceptional favor, only to be granted for a short time and in an emergency, is in danger of becoming an established practice." Exactly. Mr. A., seeing a good thing ahead, gets a loan upon his own note " as an exceptional favor," not to be repeated ; Mr. B., whose circumstances may differ, yet asks for a like favor in an emergency ; Mr. C., who has heard of the loans to the others, comes up smiling, argues that he is just as good as B. or A., asks a like loan, and is disposed to make trouble if he doesn't get it. And so the pressure grows.

The report of the Merchants' Bank is received too late to make more than a passing reference to it. Mr. Hague's addresses to shareholders usually contain something that deserves to be pondered, and we shall recur to the questions of bank charters and possible legislation as to the Banking Act, with which he deals, and quote more fully from him. The report refers to the year just closed as a troublesome one for the banker, but the Merchants', it appears, has suffered but little from the failures of the year, while its business has been maintained, and in some respects increased. The net earnings were $612,905, not quite so much as in the previous year, but enough to pay 7 per cent. and add $220,000 to the Rest, bringing it up to one-third the capital. It is very interesting to learn that a bonus has been distributed among the bank's officers; and the principle of sharing profits, in good seasons, with those whose faithfulness assists to earn them, is to be commended.

The authorities of the Ontario Bank render a brief report of the business of the year, stating that it has resulted to their satisfaction. Net earnings of ten per cent. are shown, of which seven is divided among shareholders. $9,456 is swallowed up by Quebec Government tax, $25,000 goes to Rest, which has reached the very respectable sum of $550,000, and $50,000 is placed at contingent account instead of being left, as a similar sum was last year, a " balance of profits carried forward." Discounts have swelled a little compared with last year, while the reserves are also strengthened. It is agreeable to observe that overdue debts are again in reduced proportion. The bank's branch at Port Perry has been closed and new offices are opened at Kingston and Aurora.

The Bank of Toronto has shown a disposition to extend its business since the previous annual meeting, and has opened branches at three additional points, London, Gananoque, and Petrolea. This may be assumed to have helped earnings, but what helped them still more was a virtual "find" of a very considerable sum which in former years was given up for lost. The addition to Rest now made brings that fund beyond two-thirds the paid-up capital. Liabilities have gone up during the year from $9,320,000 to $10,145,715 ; of this sum deposits, which show a considerable increase, form more than one-half. Circulation is not at a high point, but this is a matter common to all the banks at this season. In respect of past due debts, this bank shows the " cleanest sheet " of any, for with discounts of over $8,000,000, it exhibits only $4,800 as overdue.

An increase in the proportion held of assets immediately available is noticeable in most of our banks. This was, doubtless, the case during a considerable part of the year; the reports of several refer to it. The Imperial Bank, which had $2,224,000 of funds in this category a year before, held $3,259,000 in such shape at the close of last month out of total assets of less than $9,000,000. Still, the earnings sufficed to pay 8 per cent. dividend, put $10,000 to contingent fund, write $10,000 off bank premises and furniture, and put $50,000 to Rest, bringing it up to 40 per cent. of the capital, besides carrying $12,262 forward. Encouraged by this success, and by the condition of their business, the directors and shareholders agreed upon an increase of capital. A well considered paragraph in the report describes the effect upon the business enterprises of the country of the excessive rate of interest allowed by Government upon deposits in its savings banks. This evil, as we have seen ; is likely to be remedied, but it should not escape the notice of the Minister that, one after another, boards of directors in various provinces speak out in condemnation of the policy, and are most desirous to see a reduction in the rate.

In order to bring the shareholders together in annual meeting at an earlier date, the Standard Bank authorities chose to make their year end with May instead of June, and made up their statement for eleven months to the end of the former month. They modestly say that the profits have been fairly good : we think they are, when, in spite of the drawbacks mentioned by the directors, almost twelve per cent. per annum has been earned. Seven per cent. is divided as usual, $4,000 written off furniture and safes, and $40,000