

on our side." This means an extension of the Grand Trunk to Sault Ste. Marie. President Tyler expressed the hope that this road would be built without burthening the Grand Trunk with any guarantee. More than this, he was not prepared to say, in the present state of the project. This road, when built, will extend the competition between our two great railways. Nevertheless they are working together, after a fashion. That the policy of the two companies is to agree upon common rates was admitted; regular conferences between their officers take place; "there is," said President Tyler, "no difficulty on that score." The two companies are legally debarred from amalgamating or pooling; but if they make common rates by agreement, one of the principal objects of a pool is attained without the formality of directly taking a step which Parliament has seen fit to prohibit.

While beet sugar has been rapidly gaining on cane sugar, science has done very little to help the producers of the latter kind. But Professor Wiley, the chemist of the Agricultural Bureau at Washington, claims to have obtained good results from the long-tried diffusion process, which consists of cutting the cane into small pieces and soaking it in water; 134 pounds of sugar are reported to have been obtained from a ton of cane. Professor Wiley claims that, by treating sorghum in this way, sugar can be produced at one cent a pound; a statement which need not greatly alarm producers of beet sugar until it receives decisive corroboration as the result of practice.

### BANKING REVIEW.

The figures of the Canadian bank statement for October last will be found in condensed form below, and are compared with those of the previous month. The statement bears date, Ottawa, 16th Novr.,

#### CANADIAN BANK STATEMENT.

|   | Aug., 1886.   | Sept., 1886.  |
|---|---------------|---------------|
| Capital authorized..  | \$ 79,579,666 | \$79,579,666  |
| Capital paid up....   | 61,156,536    | 61,097,801    |
| Reserve Funds....   | 17,815,141    | 17,690,141    |
| Notes in Circulation  | 85,822,015    | 81,927,050    |
| Dominion and Provincial Government deposits....                             | 7,474,503     | 8,148,515     |
| Deposits held to secure Government contracts & for Insurance Companies..... | 803,710       | 803,781       |
| Public deposits on demand.....  | 51,420,446    | 51,278,590    |
| Public deposits after notice.....   | 52,591,241    | 52,305,361    |
| Bank loans or deposits from other banks secured...                          | .....         | .....         |
| Bank loans or deposits from other banks unsecured..                         | 2,191,461     | 2,041,425     |
| Due other banks in Canada .....   | 1,259,692     | 1,008,728     |
| Due other banks in Foreign Countries  | 161,532       | 120,627       |
| Due other banks in Great Britain...   | 852,427       | 1,277,627     |
| Other liabilities....   | 141,614       | 317,513       |
| Total liabilities:  | \$152,218,643 | \$149,229,218 |

| ASSETS.  |               |               |
|--|---------------|---------------|
| Specie .....   | \$ 6,006,666  | \$ 6,157,329  |
| Dominion notes....                                   | 10,022,256    | 10,611,094    |
| Notes and cheques of other banks..                   | 6,162,890     | 6,639,610     |
| Due from other banks in Canada..                     | 4,554,037     | 3,965,806     |
| Due from other banks in foreign countries .....      | 15,301,684    | 14,848,346    |
| Due from other banks in Great Britain.....           | 3,597,726     | 2,071,281     |
| Immediately available assets.....                    | \$ 45,645,259 | \$44,293,466  |
| Dominion Government debentures or stock.....         | 5,119,019     | 5,105,878     |
| Public securities other than Canadian.....           | 2,954,540     | 2,973,950     |
| Loans to Dominion & Prov. Gov....                    | 2,991,781     | 2,585,147     |
| Loans on stocks, bonds or debent.                    | 12,255,845    | 11,775,336    |
| Loans to municipal corporations ....                 | 2,043,358     | 2,402,207     |
| Loans to other corporations .....                    | 15,409,092    | 14,981,079    |
| Loans to or deposits made in other banks secured.... | 111,502       | 191,502       |
| Loans to or deposits made in other banks unsecured.. | 637,868       | 355,452       |
| Discounts current..                                  | 134,267,745   | 132,492,706   |
| Overdue paper unsecured .....                        | 1,130,249     | 1,118,805     |
| Other overdue debts unsecured.....                   | 70,685        | 69,211        |
| Notes and debts overdue secured...                   | 1,560,994     | 1,658,316     |
| Real estate .....                                    | 1,316,658     | 1,306,167     |
| Mortgages on real estate sold .....                  | 824,704       | 801,254       |
| Bank premises....                                    | 3,556,512     | 3,543,868     |
| Other assets.....                                    | 3,334,997     | 3,738,641     |
| Total assets.....                                    | 233,211,813   | \$229,393,084 |
| Average amount of specie held during the month.....  | 6,054,656     | 6,237,204     |
| Av. Dom. notes do..                                  | 10,244,000    | 10,653,676    |
| Loans to Directors or their firms....                | 8,730,168     | 8,481,956     |

The signs of reviving prosperity in business, which we noticed last month, continue. The discounts and loans of the banks are steadily increasing, and amount to nearly \$11,000,000 more than they did at the corresponding date last year. This large sum is represented by mercantile transactions, and does not include the sums loaned by the banks, at call or otherwise, on the security of stocks in the United States. The circulation of the banks has increased \$3,895,000 during the month; an increase which gives evidence of great activity in all the producing sections of the country. This after all is the foundation of all our prosperity: There can be no trade, either free or otherwise, without production. Practically the whole value of any country consists in what it can produce.

This circulation has risen to the figures which are now presented in spite of the fact that the increase of banking facilities constantly tends to drive circulation home for redemption, and therefore to decrease its aggregate amount. This large sum of \$85,000,000 of their own notes which the banks had out on the 31st October, is a most important factor in enabling the banks to carry on the business of making advances to merchants and manufacturers. This has been often pointed out; but such figures as \$85,000,000 bring the matter out in striking emphasis, as well as the consequence which would ensue to the mercantile com-

munity, if the banks were deprived of the power of issuing notes as they do.

The steady increase in the discounts of the banks is an interesting feature both for their stockholders and the community generally. The larger the amount discounted, the greater in all probability is the volume of business carried on by the customers of those institutions, and the greater returns of profit therefrom by the banks themselves.

But here a very important reservation must be made. In lending the large sums of money which they do, the banks of Canada cannot hope to escape losing some of it at times. For the loans of the banks and their discounts are not made upon the solid security of landed property, carefully examined, on which only a modicum of the value is lent—the land itself being transferred to the lender by deed signed, sealed and delivered, after careful search of title. If securities of this kind were put into the hands of banks, and their loans rested upon such a solid basis as that, they might conduct their business from one year's end to another with scarcely the loss of an appreciable fraction. But the facts are far otherwise. The money of the banks is placed out with the mercantile community, almost wholly on the faith of mere promises to pay, and on the strength of information, more or less reliable, as to the character and means of the borrowers, their antecedents, mode of doing business, and many other particulars which go to form a banker's judgment, as to the safety of the bills offered to him. Now it is impossible that all the information given to banks can be correct in every particular. Mistakes will be made even after the utmost care has been taken; and very often wrong information is given with interested motives. Or, what is equally dangerous, information is kept back from interested motives. The manner in which the business of our banks is carried on increases the liability to mistakes of judgment. If each bank had its whole business confined to one town or city the means of acquiring accurate information and keeping it in readiness for emergencies would be largely increased. For not many years would elapse in the history of any bank before its directors and ruling officers became intimately acquainted with the affairs of all the mercantile firms of the city. But let the difficulty be considered of a bank in Toronto keeping up perfectly reliable information of firms in Montreal, London, Hamilton, Ottawa and a score of other places in all parts of the country. Although every bank has an officer on the spot, presumably a man of experience and training, yet for all that it is undoubtedly a much more difficult matter for the authorities at the centre to judge of transactions in places that are hundreds of miles away than if the same transactions were offered by parties living alongside them.

That the banks conduct such masses of business as are represented by this total of \$170,000,000, with as few casualties as befall them, is generally most creditable to their good judgment. For it must be remembered that this immense total of \$170,000,000 must be multiplied three or four times over to represent the risks in-