if the stockholder is to get 12 per cent. dividend on his investment of 80 per cent. of such loan in stock, and pay "all expenses" of the loan, it would be far better for him to invest his money to get 4 or 5 per cent., and borrow the difference at 6 or 7 per cent., as he can readily do in Canada, if his real estate is good security. One clause reads: "If payments are allowed to fall 6 months in arrears, the amount paid thereon shall be forfeited to the other members, and the stock will be cancelled, and if the credits thereon exceed the arrearages, the surplus will be returned to the original owner." This reads very much like a system based on "lapses," for there is no guarantee whatever that the so-called "surplus" shall be anything at all. A table of benefits states that an investment of $540, spread over 90 months in monthly payments of $6 each, will realize a "net profit" of $450, which is 83.33 per cent.! This bait is tempting to the simple-minded, but is a warning to all familiar with monetary affairs. We advise our correspondent to leave this enterprise alone, as its promises are utterly impossible to be fulfilled out of the profits of loans on real estate, if conducted with prudence. To tell investors that their money invested in this stock will reap an annual dividend of from 8 to 12 per cent., and at the end of 90 months bring them a "net profit" of 83.33 per cent, is—well, we prefer not to characterize such a promise in appropriate words, but we do say, "whoever is deceived thereby is not wise."

WATERLOO MUTUAL FIRE INSURANCE CO.

In this issue we publish the annual statement of the Waterloo Mutual Fire Insurance Co.—as read to the shareholders at their annual meeting, held in Waterloo on the 19th inst.

It is pleasing to note that the care and energy of the management during the past year has resulted in progress and an improvement in all desirable ways, as compared with the previous year. Policies issued were 9,382 as against 8,839 last year, the total numbers in force being now 20,306, insuring $20,699,341. The total earnings of the company amount to $174,175.52, losses paid less reinsurances $108 282.58. The total assets are now $354,936.41; deducting from this the re-insurance reserve of $83,809.10, and unpaid losses ($5,663) at close of year, there appears a balance of assets beyond liabilities of $265,464.31

Our attention has been called to the fact, that this Company invariably makes provision for a re-insurance reserve for its policies issued on the mutual plan, whilst other mutual companies only show a reserve for the cash system business.

The Waterloo, operating chiefly in one of the choicest and most prosperous sections of the Province of Ontario, together with the constant oversight of all its interests, under its faithful and experienced secretary, Mr. C. M. Taylor, has every prospect of showing continued progress to the satisfaction of its policy-holders and friends.

THE DECEMBER BANK STATEMENT.

Although the final bank return of the year suggests a retrospect of preceding ones, on looking over them we find few materials for comments likely to be interesting or useful. The best feature about 1894 is that it has gone, leaving little behind it, so far as Canada is concerned, to point a financial moral, and certainly nothing "to adorn a tale." The year opened with the sky heavy with clouds from the South; it went on with a few rifts here and there, and closed without any general brightening. Although a policy of more than usual caution was decided on by the banks, we venture to say that they have had no difficulty in consequence, and less paper has been declined and fewer applications for advances refused in the past year than in more active periods. This arose from our traders so generally realizing, as well as their bankers, the desirability of moving slowly when the outlook is not clear. It is a feature in Canadian affairs that what our French friends call an *entente cordiale*, or a good understanding, prevails so generally between our bankers and their customers, owing to the implicit confidence bankers have inspired in their anxiety to everything in prudence to facilitate the business operations of their customers. We have kept very close track of the failures record of the past year without coming across even a complaint, much less any proof, that a failure had occurred from harsh, illiberal treatment by a bank. That many firms owe their solvency to-day to the wholesome restraints and sound advice of bankers, could be proved by their own testimony. We say this because the fact of our banks having considerable sums advanced on "call loans," and operating abroad, has brought upon them some sharp criticism, the charge being made that such monies ought to be used in extending discounts to home traders. Such criticism is very superficial. Were the banks to cancel all their call loans, and withdraw their funds held abroad, they would simply add to the store of idle money in their vaults. They have more than ample means now to meet all the legitimate requirements of their customers. What ground then is there for the statement that they would extend more accommodation if they had more money at their disposal? To suppose bankers are so anxious for business they will make loans solely to get rid of their funds, regardless of prudential considerations, is a notion no business man of ordinary sagacity entertains, yet we find some writers on financial affairs reproaching our bankers for not pursuing so suicidal a policy. It must be also considered that it is necessary for banks to have considerable funds quickly available. There is no Bank of England here to which a banker can run at any moment, and re-discount, which they do in England occasionally to a very large extent. In 1866 one bank placed the whole contents of its Bill case with the Bank of England to secure an advance by which it was saved from suspension. Practically the whole of the funds placed for temporary loans forms part of a banker's reserve, they are assets promptly liquidatable, which assets of trade paper are not. The extent of those assets is a matter for each banker to decide for himself, and it is