LOOKING FORWARD.

The important thing to remember at the present time of acute financial stringency is that basic conditions in Canada are sound. The temporary falling off in the supply of foreign funds coming to the Dominion, and the high price which has to be paid for those which do come, are highly inconvenient at the present time, but they can have no permanent ill-effects upon the country. In recent years, Canada has been one of the largest borrowers in the world and perhaps, to a certain extent, has in the London market presumed upon her welcome. But more important than any presumption of this kind as a reason why for existing conditions is the waste of capital caused by the war in the Balkans, the uncertainties of the European outlook and the piling up of still further enormous armaments by the European governments.

A period of comparative quiet—forced upon us not by any weakness within, but by circumstances without, will do us more good than harm. It will enable all of us to take stock of ourselves; to find out exactly where we are. The banks will be able to strengthen their position in view of future expansion; the commercial man to overhaul his affairs with more thoroughness that under other circumstances he would be inclined to; municipalities to reconsider decisions looking in the direction of extravagance; the real estate operator to adjust his spectacles towards a more normal sight than, perhaps, he has had recently.

It is better that there should be these times of comparative quiet every now and then, than that the country should go driving ahead month by month at a speed which, if prolonged, could only end in a disaster from which the process of recuperation would be long and painful. Prevention is always better than cure, and if the present circumstances be tiresome to a country which is still young and enthusiastic, at least they will in the long run prove to be not unprofitable. Money may be scarce and dear, but there are certain basic elements of our prosperity which go forward caring nothing for that. Population is increasing, crop areas expanding. And our natural resources are among the richest in the world.

Canadian General Electric's statement for 1912 shows gross profits of $2,011,719 against $1,405,889 in 1911, an increase of $605,830. Net profits, after interest and depreciation, were $1,396,483 against $889,746. After payment of dividend there is a surplus of $706,612, $700,000 of which is placed to reserve. The balance forward at credit of profit and loss account is then $682,390. Earnings on common stock were 22.28 per cent. against 13.63 per cent. in 1911. The assets of the Company are now $18,165,543, of which $8,495,274 are fixed, and $9,670,268 current assets. Reserve is now equal to 30 per cent. of the total share capital, common and preferred.

BANK EARNINGS IN U. S. AND CANADA: A COMPARISON.

On comparing the 1912 results in the case, respectively, of the national banks of the United States and the chartered banks of Canada, writes Mr. H. M. P. Eckardt, in the N. Y. *Journal of Commerce*, it is seen that the tendency of earnings in the two countries has been in contrary directions. The national banks show net earnings in 1912 nearly $8,000,000 less than in 1911, this notwithstanding that the number of banks in operation increased 144. And on the other hand, the Canadian banks reported an increase of $1,200,000, notwithstanding that their number decreased by two. In both cases the capital, surplus and total resources show satisfactory increases. The following tables trace the development in the United States and Canada, as regards capital, capital and surplus, and total resources, during the past six years.

CAPITAL.

	United States national banks.	Canadian chartered banks.
1906	$ 779,544,247	$ 87,920,049
1907	837,002,528	94,945,100
1908	901,384,244	92,543,865
1909	919,143,825	93,437,345
1910	963,457,549	94,850,097
1911	1,008,180,225	98,735,350
1912	1,031,383,425	103,623,455

The figures for the national banks were taken from the annual reports of the Comptroller of the Currency. From 1906 to 1911, inclusive, they represent half-yearly averages. The Canadian figures represent the monthly averages as compiled from the Government return. During the six years the national banks have increased their capital a little more than 32 per cent., as against an increase of less than 18 per cent. on the part of the Canadian institutions. While the national banks show a much larger ratio of increase for the whole period, the Canadian banks have the advantage in the last two years. In 1911 their ratio of gain was nearly equal to that of the national banks, and in 1912 it was more than double. The movement to increase capital is still in evidence in the Dominion. Pressure for credits is strong, and some banks are also increasing paid-up capital for the purpose of enlarging note issue powers. However, it is doubtful if 1913 will see such a large increase in the total as occurred in 1912. The banks have been endeavoring latterly to restrict the activity of their customers; and most of the bankers consider that the situation calls for caution in the matter of capital increases.

CAPITAL AND SURPLUS.

Year.	United States nat'l banks.	Canadian banks.
1906	$1,194,349,809	$149,263,810
1907	1,338,776,981	164,424,032
1908	1,453,946,422	163,566,319
1909	1,504,551,308	168,349,840
1910	1,593,617,268	173,466,893
1911	1,678,111,985	185,683,791
1912	1,735,730,131	201,945,132

For the whole period the national banks show an increase of about 45½ per cent., as against an increase of 35 per cent. on the part of the Canadian banks. But, as in the case of the paid-up capital, the latter institutions show the greater gains in 1911 and 1912. In 1911 their increase was 7, as compared with 5.3 shown by the national banks; and in