

benefit to the country than many of the bonuses to manufacturers and other aids to trade granted by the Government." In a year in which throughout the distributing branches of trade the merchants in dry goods, groceries, hardware and other branches, have oftener sustained losses than made profits, "it is well to keep steadily before us the fact that our prosperity rests upon agriculture, and that unless that is right other things in trade are not likely to be right."

There is probably no man in Canada better informed about the financial affairs and the political issues affecting them in the United States than the general manager of the Canadian Bank of Commerce. Hence the paragraph of his address describing the conditions and prospects of trade in that country is more than usually interesting at this time. Not being able to give an adequate *resume* of it in the space at our command, we simply quote a trenchant sentence or two. Speaking of the change for the better in business in the States a year ago or less, he says: "In December all this was changed by the folly of a chief magistrate, unused to international affairs and unable to weigh in material results to his people the effect of a few hastily considered words. Up to that time the people of the United States doubtless knew and cared little about Venezuela, but for a long time to come the mere name will have a melancholy significance to many."

While the deposits and current discounts of the Merchants Bank of Canada show a considerable increase over the previous year, the results are disappointing, for the net profits were \$50,000 less than in the previous year, although representing the very satisfactory rate of ten per cent. on the capital. And the report attributes this shrinkage to the severe competition which now prevails in business and banking, causing, directly or indirectly, lower rates of earning and larger appropriations for loss. The general manager, in his review of the state of the country, expressed his concurrence with the remarks made by the Bank of Montreal authorities at their annual meeting a fortnight before. The real foundation of the prosperity of a country is its power to produce and export, says Mr. Hague. But, he points out, if the produce is handled by our exporters and sold abroad not at a profit, but at a loss, the activities and benefits which its production, transport and sale have created are largely neutralized. Similarly, if a mill or a factory be kept actively going, to the benefit of its employees, whose income depends upon it, and a large output be made, but if the disposal of this output results in loss it may ruin the proprietor of that mill or factory, and perhaps lessen the income of a shareholder in the bank which had made advances to that manufacturer.

In his paragraph on our credit system, which he calls the prime factor in all this matter of bank losses, Mr. Hague takes strong ground, but not a whit too strong. Many people have been leaning too heavily upon their bankers for some time back. They in turn have been allowing their customers to lean too heavily upon them. "The whole system of credit in Canada wants a revision"; many traders have made no profit during the last year or two, "in fact, there is a good deal of living upon capital going on." And he argues that if a general cutting down of the length of credit by one half could be brought about, the result would be that many a business now yielding no profit—by reason, doubtless, of the losses sustained through bad debts—would make a fair return upon the capital employed. Here is an object for which our boards of trade might strive, and Mr. Hague would do well to bring it, in his forcible way, before the Bankers' Association.

The Imperial Bank of Canada makes an exhibit which appears to have been received by the shareholders with great contentment, viz., net profits sufficient to pay nine per cent. dividend, to make the stated contribution to officers' guarantee fund, and to carry forward \$52,000. The bank has been assisted materially in this earning power by the improved conditions of 1895-6 in Manitoba and the North-West, resulting in part from the increased settlement of these regions, and perhaps in a larger degree from the great harvest of last year. The business of the bank is well maintained, although it too complains, with the rest, of dullness in trade. Deposits are slightly lessened, but the gratifying peculiarity about them is that the decline is in those at interest and not in those without interest, which last, indeed, show an increase. Current loans and advances have gone up nearly a million, call loans, municipal and other securities going down in a corresponding degree.

The Bank of Toronto directors explain briefly that while the resources of the bank have been employed during 1895-6 to a greater extent than during the preceding year, the prolonged depression in the trade of the country has continued to affect results adversely. The statement shows net earnings of \$207,000, which is a trifle more than last year. Circulation stands at a rather higher figure than a year ago; but deposits, mostly non-interest bearing ones, are \$600,000 less, which sum is the measure of the decline in the aggregate transactions of the bank.

The report of the Bank of Hamilton is a very brief one. The directors simply say that the bank maintains the same satisfactory position as formerly, and in their opinion the shareholders may safely look forward to its continuance. One who reads the figures of the statement will probably agree with this view. The bank makes a strong showing as regards available assets; its overdue debts are small, and it has earned enough net during an unfavorable year to pay 8 per cent. dividend, to write \$5,000 off bank premises account, and to carry forward \$80,000. The president shows, that after making ample allowance for bad and doubtful debts, the net profits of the year were almost ten per cent. (9.98), while the average net earning of the past five years has been at the rate of 9.45 per cent. on the capital. Mr. Stuart looks forward to better conditions in the future, and he rightly thinks that "affairs in the United States have to some extent accounted for the slow return of a normal condition of business."

This year the Union Bank is able to show a decided increase of net profits, \$92,000, against \$79,000 last year, or more than one per cent., and to make an addition of \$20,000 to Rest, which fund is swelled to \$300,000, besides writing \$7,500 off bank premises. Some shrinkage in business is shown, deposits having gone down slightly, but mostly those bearing interest. Rather more American business is indicated in the report, and the available assets are about as at last showing. Overdue debts and real estate held exhibit some increase.

At the meeting of the Ontario Bank on Wednesday there was a fair attendance of shareholders from Montreal, Ottawa and other places, as well as of those in Toronto. The principal business of the meeting was the adoption of a by-law foreshadowed some months ago, reducing the capital of the bank from \$1,500,000 to \$1,000,000, and giving each shareholder two shares of \$100 for every three he held before. This was adopted. Net earnings for the year have been \$77,180, which, added to \$10,848 brought over from 1895, makes \$88,028 to be dealt with. Addition of \$10,000 is made to Rest, bringing it up to \$50,000; a dividend of 2½ per cent. had been paid in December, and it is now proposed