

tions as to prudence and carefulness for the future, the figures added to the "Rest" of the various banks show \$621,380, besides paying a fair dividend and setting aside goodly sums for profit and loss account. The above amount is distributed amongst the banks as follows:—

	Reserve Fund.
Imperial Bank of Canada.....	\$ 76,380.00
Canadian Bank of Commerce.....	100,000.00
Ontario Bank.....	30,000.00
Standard Bank.....	25,000.00
Trader's Bank.....	20,000.00
Bank of Toronto.....	1,000.00
Banque Jacques Cartier....	40,000.00
Bank of Hochelaga.....	30,000.00
Merchants' Bank of Canada.....	175,000.00
Union Bank of Canada.....	25,000.00

With banking institutions so generally prosperous, it is an affront upon common sense to state that the country is in a condition of constant repression.

The past month has been of special interest in financial circles, owing to the number of annual bank meetings which have been held, and have afforded the heads of these institutions opportunities of presenting to stockholders, not only information about their own affairs, but also in some instances broad and statesman-like reviews of the financial condition of this and other countries. Perhaps only a few annual addresses are looked forward to with more expectation than that of the General Manager of the Merchants Bank of Canada, because of his reputation both as a financier and a student and writer upon monetary matters. It would appear that the spirit of competition so rife in the business world is making itself felt disadvantageously in the banking business as well, for Mr. Hague points out that with their constantly increasing business, involving a constantly increasing expenditure, they find a constantly decreasing ratio of net profit to the business done. We presume there would be found the same difficulties in regard to agreements about rules and rates amongst bankers as in other circles of business. Competition in rates and the various schemes for securing an advantage, such as rebates and return commissions have been the bane of the Insurance business; and we suppose there would be more or less difficulty in maintaining amongst bankers such a basis of agreement on rates, available value of security and limitations of credits, as would eliminate opportunities of affording exceptional advantages to special classes of customers to attract their accounts. The keynote of Mr. Hague's address seems to have been the dangers of competition and the difficulties of profit in business. Referring to the competition of merchants, there is no doubt that were bankers to exercise a closer oversight upon the accounts of their customers, a reprehensible method of business, which is only made possible through co-operation with the discounting facilities of their bankers, by which merchants commonly offer customers the temptation of being carried on credit for a practically indefinite period, would not be possible, and would thus stop the practice of purchasing goods sometimes from six to twelve months before they can possibly be required in stock.

It was to be expected, of course, that reference would be made to the holocaust of bank failures in Australia, and a moral was drawn from the mistaken course of living on too much borrowed money. Five or six hundred millions of money borrowed by those colonies was spent in a population far less than that of Canada. Mr. Hague pointed out how closely the conditions incident to the opening up of Winnipeg and Manitoba had been akin to those which have proven so disastrous in Australia, and made it the occasion of a complimentary allusion to those features in banking laws of Canada which alone saved some of our institutions from the perils of a similar fate. It is certainly creditable to the far-sightedness of Canadian bankers that they had the stamina to resist the temptation so freely pressed upon them to accept almost unlimited deposits offered from Great Britain. As it is now, the banks of Canada are doing a legitimate business upon their legitimately invested capital and upon the deposits of their own people. Such a plethora of money as could be obtained by bidding for outside deposits would have created a fictitious basis of stability in this country. Mr. Hague touched very concisely upon the reason for Canadian banks being interested in the Silver question, with which the United States is now being compelled to grapple. It was a self-evident truth that our banks could not afford to conduct financial operations as freely with the neighboring country, paying them in gold or its equivalent, so long as there was a possibility of the contracts with the United States being returnable in a current money worth 35 to 40 p.c. less than our own currency.

In another column we present the Annual Report of the Merchants Bank of Canada for the business of the twelve months ending 31st May. The net earnings were \$604,395, which paid dividends of \$419,166, added \$175,000 to the Reserve, and \$10,299 to profit and loss account. In addition to the ordinary business earnings, there were sold \$200,000 of the new stock, which brought the paid up capital up to \$6,000,000, the sale realizing \$90,000 above the par value, which profit was also carried to the reserve. Altogether, therefore, there was the splendid showing of \$265,000 carried to reserve, which latter now amounts to \$2,900,000, or 48 per cent. of the capital which is \$6,000,000. The statement is one which must be in every way most gratifying to the shareholders, and indicates a carefulness of management and shrewdness in the employment of capital which are thoroughly in keeping with the reputation of its management.

In a recent financial article upon the monthly bank statement of Canada, we remarked that the bank notes in circulation were a test of commercial activity. The *St. Catharines, Ont., Journal*, with an evident hankering after political thunder, takes our figures, comparing the circulation for each month of March since 1883, and deduces that the country is less prosperous than a decade ago, if measured by the volume of bank circulation being \$1,086,930. less in March of this year than in 1883. The circulation of 1883 was \$34,517,913, while