The doubt which for some time filled the air as to whether the Government would sanction a rapid Atlantic mail service has passed, and the atmosphere has been cleared by the consent of the British Government to bear a fixed portion of the expense. Of the subsidy of \$750,000 a year, Canada is to pay two-thirds and the British Government one-third. The service is not the same as that which was proposed under the late Government, and the two schemes do not admit of any useful comparison. If the service accepted prove to be adequate, as it probably will, the cutting down of the figures will be a benefit. The vessels will belong to the Auxiliary Naval Force of the Empire, and the pay the contractors will receive will be for the double service of carrying the mails and having the vessels liable to be called upon as part of the auxiliary naval reserve, in case of war. In this way Canada contributes something towards the defence of the British Empire, of which she is a part. The rate of speed has been spoken of as 20 miles an hour, and in this respect there is apparently no difference to the old proposals and the new. It remains for the contractors practically to disprove the objections of the critics who contended that, with the river navigation to Quebec, so high a rate of speed was impossible. If they are to get to work at once, they will be at some advantage in picking up vessels where they can, for temporary use. How they will succeed a little time will suffice to show. Meanwhile we are not aware of any serious grounds of misgiving.

Dr. McEachran, our chief veterinary inspector, has been unable to convince either the committee on agriculture or the Minister of Agriculture that the time has come for Parliament to authorize a heroic policy for stamping out tuberculosis in cattle. He believes the feat is possible, and presumably it would be easier in Canada than anywhere else, because here is found the minimum of the disease. If we applied the proper tests and killed all animals found to be diseased, Dr. McEachran believes the disease could be extirpated, and that when that happened, England, where the disease is much more common than here, would be glad to restore her breeds by healthy animals from Canada. The experiment of treating cattle in the way recommended was made, locally, by the city of Toronto, with the result that a loud outcry was raised by the farmers and the march of sanitation in cattle was arrested. Mr. Dryden is evidently afraid to do anything that might check the use of milk, butter and cheese, and Mr. Fisher, Minister of Agriculture, admits that the backward state of public opinion makes it inexpedient to attempt to carry out, at present, the heroic policy recommended by the expert. In Massachusetts, he points out, a similar attempt had to be abandoned. It remains to be added that this only shows that Massachusetts is behind New York; in the neighborhood of Gotham just what Mr. McEachran recommends appears to be successfully done.

## FINANCIAL REVIEW.

One of the most marked features in the banking and financial position is the still continued expansion both of deposits and discounts. Deposits increased \$9,800,000 in April; this in addition to an increase of \$2,500,000 in March—makes the striking augmentation of nearly six millions in two months.

The discounts and loans of the banks increased \$9,200,000 also during April, which was in addition to an increase of \$4,500,000 in March. All this points to a great activity of business in some quarters, as well as to a great power of accumulation in the country as a whole. The

total deposits of all kinds now amount to the large sum of \$288,600,000; and it is very striking to notice the increases in the various items which compose this large total during the last five years. Thus:

Gover	nment Sa	vings Bank	s, 1892			<b>4</b> 0,169,000
MIOH	car and O	uebec Savi	ngs Ranke	1809		10 === 000
"	F		<i>.</i>			169 000 000
"	Company	Deposits,	1892	• • • • • • • • •	• • • • • • • • • •	19,000,000
,			1897			19,000,000

Of all these classes of deposits those of the loan companies only show no increase. But it must be remembered that the amount of deposits which loan companies can take is limited, very properly, by law; and doubtless the full limit was, in many instances, reached years ago.

The expediency of allowing loan companies to take deposits at all has often been questioned, inasmuch as the mode by which loan companies employ their money is in the shape of fixed investments, of which repayment is made at a long distant period or by instalments spread over a term of years. It is doubtful whether the money which has been locally received on deposit and on which interest is invariably paid, has done the loan companies much good. It is certain that the large accumulation of funds in their hands, in the shape of deposits and proceeds of bonds sold abroad, resulted, as it invariably does, in a constant pressure to employ funds remuneratively. In order to do this, it is inevitable that at times, and sometimes for long periods together, there will be a relaxing of the sound and safe rules which made the investments of the loan companies so solid and reliable in former years.

It is exactly with loan companies as it is with banks; when there is an accumulation of funds on which interest has to be paid, transactions and investments that would have been rejected in other circumstances are accepted and passed—passed in the hope that circumstances will favor repayment, and justify the transactions that have been entertained. It is thus that mortgage loan companies have found, after a time, that they had numbers of loans on their books which they would have been better without. It may be said, why should the power of a loan company to receive deposits be restricted, while that of a bank is left unfettered?

The answer is, that it is of the very essence of a banker's business to receive money on deposit from his customers. This is the primary object of banking. A banker is a person whose business it is to take care of the money of his clients and customers. All the rest of his operations have grown out of this.

The necessity of making profit on the funds deposited with him leads him to place these moneys out at interest. But the very fact that he is lending the money of his customers—which may be called for any day—leads to the necessity of employing it in such a shape that it is available from time to time by short terms of repayment.

But the business of a loan company is of an entirely different character. Such companies are expressly organized, and this is where their usefulness lies—to lend money on fixed property on long terms of repayment. It is obvious that mortgages could not be made payable three months after date—even three years after date would often be too short. For this reason deposits payable at call or short notice are not the sort of business that a loan company could pursue in an unrestricted manner without much danger.

This expansion of the deposits of the banks is exceedingly gratifying in one respect, but viewed in another aspect it is not so satisfactory. If the expansion of deposits had been accompanied by an equal expansion of loans and dis-