

cle of the year is completed in August. Such is the history of an ordinary circulating year, the details varying with the price of grain, the activity of business, and other circumstances; but the main features continuing the same. Constant redemption in gold, or in legal tender payable in gold, acts as a perpetual check and safety-valve. And if bankers are careful when issuing their notes to see that they are exchanged for merchantable property they can conduct the business with perfect safety and find no difficulty whatever in maintaining redemption.

The Discount line swelled up in September some \$4,300,000. Doubtless the greater part was represented by purchases of grain, and the increase is not more than may be looked for from that cause at this time of the year. The increase in the discounts of the banks during the last few years is the most marked feature in these returns. Doubtless a large portion of it is legitimate, but we fear there is an increasing proportion of what may be called "loan" paper, as distinguished from discount paper. The banking competition of the last few years has been too keen to be healthy. So eager have bankers become for business that "touting" for accounts is likely to be as common as the solicitation of a dry goods traveller. It is no wonder if, under such circumstances, the customers of a bank, and especially needy ones, become very independent and make demands for increased advances on the slimmest security. It rests with the banker of course to comply with their demands or not; but there is always a desire to retain business, and the first impulse will be to stretch a point rather than lose an account, and when points are stretched, and extra accommodation given, it often happens that a "lock-up" is the result. A lock-up may be dressed so as to resemble a living account, and our impression is that a very considerable amount of money is in this position in many of our bankers' books. It is good for neither party, however. When an expanded business is done purely on expanded bank accommodation it is not generally profitable. Interest goes on without cessation, and the load of debt is apt to accumulate with compound interest—which being continued for a few years, becomes so heavy at length that the victim of mistaken kindness is crushed, and the bank makes a bad debt equal to all the interest charged for years back, and some of the principal too.

Money has continued easy for some time. Existing banks have most ample funds for supplying legitimate wants, and are glad of good transactions being offered. But a

very cautious spirit—at any rate among older institutions—has prevailed of late. It is not every transaction that will "go down." It must be legitimate, and it must be safe, otherwise they look shy. Now when existing banks are amply supplied with capital, and are glad to take any good transaction offered them on most reasonable terms, it does seem a strange proceeding to be endeavoring to put the stock of new institutions on the market. We fear this has been overdone already.

Exchange on London has continued remarkably steady. Fluctuations have been confined to a very narrow limit, and purchasers have generally been able to satisfy their wants at par or below it, for sixty day bills. The supply of such bills has not been as large as in some former years, owing to the immense diminution in the shipments of grain, but of course the New York market was open. It is always possible to buy and sell there—at a price. Altogether, we think the present year will be a somewhat trying one for the banks, so far as profits are concerned. With increasing competition in every department the amount earned must have been less, the amount allowed for interest more, while the quality of loans if anything has deteriorated. All this points inevitably to a smaller net return. The great point for bankers under such circumstances is to be extremely careful to avoid losses: a result which will tax the best banking ability of the country.

**TORONTO GAS COMPANY.**—After a long and tedious delay, the Committee charged with the investigation of Rutherford's speculations made a report to the Board of Directors, the substance of which is to be found in the Directors' statement laid before the shareholders and published on another page. The explanations of Mr. Austin were explicit, and covered pretty fully the charges made against the late President. It appears that person was quite as guilty and dishonorable as public rumor made him. His exhaustless ingenuity in devising pretexts to pocket the Company's funds is as unique as despicable and pitiful. The most this man can hope for in Toronto is that his record may be forgotten; until all recollection of these late transactions is obliterated, he can have no place in respectable social or business circles here. As we suggested some weeks ago, the policy of concealment which so long prevailed in the affairs of this Company could not be continued. For the first time the public—who are deeply interested—are taken into the Company's confidence, and a pretty full statement of facts has

been given. That the Directors could be so imposed upon as they admit themselves to have been, and that the citizens have a direct interest in the profits of the works, are two unanswerable reasons why this publicity should be maintained from year to year. Some further changes in the Board might have been made with advantage; but we have no doubt that the late crisis will put all parties on their guard, and that we shall have a better administration of the important affairs of this corporation in future. There are some questions raised by the report, and proceedings that may require to be noticed hereafter.

**RAILWAY DEPRESSION.**—It appears from a statement recently published in American Railway journals that the effects of the panic in September, 1873, have not ceased to influence the finances of United States railways. On the 1st January, 1874, there were eighty-nine railways which had made default in the payment of interest on their funded debt. The whole amount of bonds on which default was made was \$386,403,668. That number has now been increased to one hundred and eight; and the whole amount of bonds on which interest has been passed is now \$497,807,660. It is estimated that \$150,000,000 of these bonds, or 30 per cent. of the whole, are held in foreign countries. Only about one-fourth of these lines are likely to end in foreclosure and total bankruptcy; the rest are all either seeking to fund their obligations or arrive at some basis of amicable settlement.

—The authorities of Winnipeg have just received a steam fire engine from Seneca Falls, N. Y. costing \$10,000 which they prudently ordered last month. Water tanks are being constructed in the town, and a more secure feeling will now be experienced by house owners. These steps are taken none too soon, when we remember that this capital of our prairie province has a town plot containing three square miles within which are nine hundred buildings, about one-fourth being erected last year. Of these say 400 are dwellings, 23 are boarding houses, 17 are hotels and the rest stores, workshops, offices or mills. The value of real property in the town as prepared by the assessors, is two million six hundred and seventy thousand dollars, an amount quite large enough to justify a considerable expenditure for fire purposes.

—We were not aware that the Citizens Insurance Company had abandoned the absurd position maintained for so long a time that \$10,000 cash capital was sufficient for all their varied kinds of business. It appears from the statement of a "Shareholder" that the Company has now a cash capital of \$60,666. This