

and not founded upon proved experience. He must know that in every financial primary organization a certain amount of capital is drawn upon to meet immediate necessities, which is not lost but is merely charged against anticipated profits. In the organization of one of the best managed institutions, the Great West Life, the late manager and founder, Mr. J. H. Brock, informed the writer he expended his then entire capital in the work of organization, a statement which is true.

MERCHANTS BANK STATEMENT

In comparing the deposits and loans of the Merchants Bank as revealed by statement for the last fiscal year, just published, it is found that the total deposits amounted to \$92,102,071, of which over \$27,000,000 were non-interest bearing. Against these deposits the current loans and discounts (including \$377,582 outside of Canada) totalled \$63,115,540, showing an excess of deposits over loans amounting to \$28,986,531, or about 46 per cent. The assets have now reached a total of \$121,130,558, as against \$96,361,263 at April 30 last year, an increase of \$24,769,195 during the year. Of these assets the liquid portion totals \$52,041,624, being 48.87 per cent. of the liabilities to the public. Actual cash holdings, including deposit in the central gold reserve, amount to \$15,917,228, or 15 per cent. of liabilities to the public.

U. S. WAR ORGANIZATION

"Sweeping and drastic powers are being exercised from Washington in the carrying out of industrial and economic mobilization for war," says George P. West, in an article in *The Public* of May 11. The necessity for business efficiency in modern warfare has concentrated in an Advisory Board of the Council of National Defense in the United States, men who are internationally known as leaders in the various forms of production and distribution of public necessities in which they are engaged. This advisory board has committees on transportation, food, coal production, health, munitions, supplies and labor, and have already made sweeping strides in the direction of nationalizing every one of these departments.

Organized labor is represented by Mr. Gompers, who is chairman of the committee on labor and whose patriotic zeal has not increased his popularity with a faction of the American Federation of Labor, who feel that his efforts would be more properly directed in some of the committees on production and distribution, where decisions of vital importance to the workers will be made. The striking feature in this new phase of social development is the part which the radicals of the country are playing in the "national crisis." For the most part they stand aside, dazed by the march of events in which the masters of industry are themselves drawing together the lines of national control.

That the government is adopting the methods of business does not necessarily imply any great advance in democracy, that is, outside of the fact that every new development is a step in the direction of ultimately forcing the issue in the contention of Mr. West. Germany, whose efficiency and national control of public affairs had far exceeded any other nation at the outbreak of the war, should be an object lesson for all who mistake such nationalization for real democracy. The gain which must always result from co-operation is not the gain of the masses, but of the ruling class, whose power and wealth are thereby increased till they constitute an absolute oligarchy. But progress requires this period of transition, and any other course must be reactionary. The spirit of democracy which has survived the darkest periods of history, must eventually triumph.

The potato crop will need good care to produce a good crop. The cultivation should keep them free from weeds. Should keep the surface soil loose but should not be deep enough to injure the roots. Some find it a good practice to go over with the weeder after the first or second cultivation and till the plants are six to eight inches high. This will not hurt them but it gets at the small weeds in the row that the cultivator cannot reach.

THE MERCHANTS BANK OF CANADA

Statement of Liabilities and Assets at 30th April, 1917.

1. To the Shareholders

Capital Stock paid in.....	\$ 7,000,000.00
Reserve Fund.....	7,000,000.00
Dividends declared and unpaid.....	178,383.00
Balance of Profits as per Profit and Loss Account submitted herewith.....	421,302.96
	\$14,599,685.96

2. To the Public

Notes of the Bank in Circulation.....	9,482,468.00
Deposits not bearing interest.....	27,101,587.86
Deposits bearing interest (including interest accrued to date of statement).....	65,000,484.42
Balances due to other banks in Canada.....	628,862.08
Balances due to banks and banking correspondents in the United Kingdom and foreign countries.....	8,004,080.72
Bills payable.....	411,806.78
Acceptances under letters of credit.....	
Liabilities not included in the foregoing.....	
	\$121,130,558.82

ASSETS

Current Coins.....	\$ 4,798,438.89
Deposit in the Central Gold Reserve.....	2,800,000.00
Dominion Notes.....	7,650,780.80
Notes of other banks.....	792,867.00
Cheques on other banks.....	4,674,828.67
Balances due by other banks in Canada.....	2,033.33
Balances due by banks and banking correspondents elsewhere than in Canada.....	81,225.70
and the United Kingdom.....	2,413,100.10
Railway and other bonds, Debentures and Stocks, not exceeding market value.....	3,832,807.19
Canadian Municipal securities, and British, Foreign and Colonial public securities, other than Canadian.....	3,904,351.34
Call Loans in Canada on bonds, Debentures and Stocks.....	11,083,196.30
Call Loans elsewhere than in Canada.....	4,827,853.57
	2,461,430.47
	\$63,041,624.88
Current Loans and Discounts in Canada (less Reserve of Interest).....	68,787,066.74
Current Loans and Discounts elsewhere than in Canada (less Reserve of Interest).....	377,262.42
Liabilities of customers under letters of credit as per contra.....	411,806.78
Real Estate other than bank premises.....	294,197.07
Overdue debts, estimated loss provided for.....	149,020.66
Bank Premises, at not more than cost less amounts written off.....	4,617,400.23
Deposit with the Minister for the purposes of the Circulation Fund.....	878,000.00
Other Assets not included in the foregoing.....	138,948.08
	\$121,130,558.82

K. W. BLACKWELL,
Vice-President.

R. F. HERBEN,
Managing Director.

D. C. MACABOW,
General Manager.

Report of the Auditor to the Shareholders of The Merchants Bank of Canada

In accordance with the provisions of sub-sections 19 and 20 of section 44 of the Bank Act, I report to the Shareholders as follows:—
I have examined the above balance sheet with the Books of Account and other records of the Bank at the Chief Office and with the account returns from the Branches and Agencies.
I have checked the sums and verified the entries in the Books at the Chief Office against the entries in respect thereof in the Books of the Bank as at April 30, 1917, and on a comparison of the same with the returns from the Branches and Agencies I have ascertained that the same are correct and that the entries in the Books at the Chief Office and in the Books of the Branches and Agencies are in accordance with the entries in the Books of the Bank with respect thereto.
I have obtained all the information and explanations I have required, in my opinion, the transactions of the Bank which have come under my notice have been within the powers of the Bank, and the above balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of my information and the explanations given to me, and as shown by the books of the Bank.

VIVIAN HARCOURT,
Auditor.
National, 2nd May, 1917.

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Saskatchewan Branch,
Regina, Sask.
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