

"settled market for securities are probable, and as there are some other causes in existence adverse to trade prospects, it is not unlikely that the year 1882, though of itself of a satisfactory character as regards trade, will show us still more clearly than 1881 has shown the probability of a change before long to an opposite state of things. There will probably be very great ups and downs."

#### THE MERCHANTS' BANK.

The shareholders in the Merchants' Bank will be gratified at the very satisfactory report which will be found elsewhere. In 1880, the capital being not materially different, the net profits for the year were \$544,719. In 1881 they were \$651,600, and in 1882 they are \$762,441. The rest is now over 12½ per cent. on the paid-up capital. The notes in circulation, and deposits not bearing interest, are close on nine millions of dollars. The utterances of Mr. Hague, the general manager of the Merchants', are always looked for with interest. In 1880 he gave an interesting review of the disastrous years, which had preceded that which had just terminated, and we think that it may not be irrelevant just now to reproduce some of his figures. Taking 1874 as the culminating point of the years of expansion, and apparent prosperity which had preceded it, he stated that the discounts had increased from \$86,000,000 in 1871 to \$130,000,000; the capital from \$38,000,000 to \$61,000,000. The circulation was then \$30,000,000, and the deposits \$75,000,000. The total amount of failures ranged from 5 to 7 millions annually. In 1875 these failures rose to twenty-nine millions, the ratio instead of seven millions of failures to 130 millions of discounts, being 29 millions of failures to 120 millions of discounts. The increase of failures to a four-fold extent rendered it "a matter of absolute certainty that their losses (all banks) must show considerable increase." The insolvencies of 1876 amounted to 25½ millions, of 1877 to 25½ millions, and 1878 to 24 millions. Then, when it was hoped by many that a change was at hand, came the disastrous year 1879, when the insolvencies reached \$29,350,000 against discounts of 100 millions, or nearly one in three. Mr. Hague, after stating these facts, asked whether it is a matter of surprise that the last four years has been a period of exceptionally heavy losses. It could not have been otherwise, unless banks had withdrawn almost entirely from the "circle of business operations." The foregoing statements are well worthy of attention at a time when we are again entering on a period of inflation.

Mr. Hague in his late speech discussed at considerable length the mode of conducting banking both in Great Britain and Canada, and specially referred to a point which is too often forgotten, that while in Canada we have adopted the Scotch system of numerous agencies, the United States banks have only a single office, and as a rule the President is the chief executive officer. The fact that there has been a considerable expansion, nearly 50 per cent., in the lumber business, which had been so seriously depressed, will cause no surprise. There has also been a large increase, nearly 40 per cent., in importers' and merchants' accounts. Mr. Hague pointed out the influence of the large railway expenditure on our imports, but he reminded his audience of the collapse that followed the completion of the Grand Trunk and Great Western, and pointed out the necessity of keeping a careful look-out. We learn with regret that the banks have been furnishing a considerable amount of the capital required for new manufacturing enterprises, or for the extension of old ones. This may be found the cause of trouble hereafter. Mr. Hague referred to the tendency on the part of the banks to increase the interest on deposits, a practice which is much to be deprecated, and which is an evident sign of weakness on the part of the banks that resort to it.

It has been known for some time that there was not entire harmony between the chief executive officers of the bank and on the Board of Direction. It is, we think, to be regretted that there was so much mystery on the subject on the part of the speakers at the meeting, as it may possibly be inferred that the cause of dissension was much more serious than it really was. We can readily understand that an officer of the calibre of Mr. Ingram, the Assistant General Manager, may have found it difficult to act in a subordinate capacity, and we can likewise imagine that there was room for difference of opinion as to the best mode of meeting the practical difficulty which seems to have occurred. The President and Vice-President believed at all events that they could have secured for the Bank the services of two very able men, while the majority of the Board preferred to adopt the views of the General Manager and to dispense with the services of Mr. Ingram, whose known abilities will we feel assured not be lost to the Canadian banks. The President and Vice-President were likewise opposed to the renewal of a five years' engagement with Mr. Hague, which the majority of the Board felt it desirable to secure. The result of the ballot was

the substitution of the names of Mr. Benny and Mr. Cassils for those of the Hon. John Hamilton and Mr. John McLennan. It has been for some time an open secret that Mr. Ingram was not likely to continue as Assistant General Manager. After the result of the ballot was declared, the new Board met, and Sir Hugh Allan was elected President. Mr. Ingram's retirement from the Assistant General Managership had been already arranged by the old Board.

#### PEEL AND COBDEN.

The above is the title of a paper contributed to the June number of the *Nineteenth Century* by Dr. Goldwin Smith, and which seems to have attracted a good deal of attention in England. It will readily be believed by those who are familiar with the opinions of the learned essayist that he has not failed to avail himself of such an opportunity to disseminate his revolutionary views. "All radicals," he assures his readers, "are republicans in grain; some of them are in private avowedly republicans, but as a body they have deemed it wise to put off the great question to an indefinite future, to stand aloof from the republican party in Europe, and, for the practical purposes of public life, to take offices and titles under the monarchy and aristocracy." True, "Cobden never took office or title," but his decision might have been different, if it had been offered to him by Mr. Gladstone instead of by Lord Palmerston. As it was "his motives, though not distinctly professed, were such that republicans may fairly claim him as their own," and if "England should become a commonwealth, an event which most assuredly would not distress the essayist," he, Cobden, may be hailed as one of the fathers of republicanism. Meantime, pending the destruction of the monarchy and the abandonment of India, Canada, and Gibraltar, we are assured that one of the two difficulties pressing on the nation at this crisis "consists in the weakness of a supreme government vested in a body far too large for united council, and distracted in itself by faction, established and consecrated under the name of party. The inability of the House of Commons as at present erected and organized to govern the country has been pressed upon the attention of the nation by these calamitous and humiliating events not less forcibly than by anything immediately connected with the Irish question. Even this hideous struggle of civilization with murderous