

people that this high interest is paid, all the rest of the people are taxed to an unnecessary amount for their benefit. The government should really reform its methods.

The banks began this year with the country in a fairly sound and moderately prosperous condition. What the coming year will bring forth no man can tell.

ABSTRACT OF BANK RETURNS.

30TH MAY, 1885. [In thousands.]

| Description. | Banks in Que- bec. | Banks in On- tario. | Banks in other Prov's. | Total. |
|---------------------------------------|-----------------------|------------------------|------------------------------|----------|
| Capital paid up.. | \$36,305 | \$17,296 | \$8,201 | \$61,802 |
| Circulation | 15,481 | 9,335 | 4,308 | 29,124 |
| Deposits | 52,556 | 37,447 | 11,667 | 101,670 |
| Loans & Discounts | 92,205 | 59,046 | 18,812 | 170,063 |
| Cash and Foreign balances (Net)... | 15,048 | 7,279 | 3,603 | 25,930 |

31ST, MAY, 1886. [In thousands.]

| Description. | Banks in Que- bec. | Banks in On- tario. | Banks in other Prov's. | Total. |
|---------------------------------------|-----------------------|------------------------|------------------------------|----------|
| Capital paid up.. | \$35,993 | \$17,952 | \$8,415 | \$62,360 |
| Circulation | 14,899 | 9,693 | 4,308 | 28,900 |
| Deposits | 57,479 | 43,402 | 11,209 | 112,090 |
| Loans & Discounts | 85,857 | 64,824 | 18,189 | 168,870 |
| Cash and Foreign balances (Net)... | 22,797 | 7,262 | 3,235 | 33,294 |

BANK AND MARKET RATE.

The *Economist* points out that the Bank of England, by its recent reduction of rate, cannot expect to increase its business, since its present rate is almost as much above the market rate as before. The objection made is that the position of the bank is not strong enough to warrant the reduction. To prove this, reference is made to the stock of bullion and to the reserve in the month of June in each year since 1881:

| | Stock of Bullion. | Reserve. | Proportion of Reserve to Liabilities. |
|----------|----------------------|--------------|---|
| 1886.... | \$20,273,000 | \$11,399,000 | 39% |
| 1885.... | 27,503,000 | 18,209,000 | 51½% |
| 1884.... | 24,887,000 | 15,349,000 | 46½% |
| 1883.... | 21,396,000 | 11,943,000 | 59½% |
| 1882.... | 23,141,000 | 12,902,000 | 43½% |
| 1881.... | 25,902,000 | 14,752,000 | 46½% |

The bank rate is the same now that it was in 1881, when its stock of bullion was more than five millions, and its reserve more than three millions greater than at present. In two of the six years, 1884 and 1885, the bank rate was down to two per cent., but then the stock of bullion and the reserve were very much greater than at present. On June 7, 1882, the rate was three per cent., and on the 13th June, 1883, it was four per cent., and even at the latter date, the stock of bullion was greater and the condition of the reserve a little better than at present. When the proportion of reserve to liabilities is considered, the relative weakness of the bank at present is seen.

It is obvious, however, that the outside rate has produced an effect which the bank found it difficult to resist; and to this cause probably the reduction is mainly due. On the 11th inst. the bank rate was 2½ per cent. and the market rate 1½; a week before, when the bank rate was 3 per cent. the market rate was only 1½; another week further back the relative rates were 3 and 1½; while a little more than a month before

the reduction took place, the market rate had been 2½ when the bank rate was 3.

At Berlin and Amsterdam the rates were, on the 11th inst., ½ of one per cent. lower than the London market rate, while in Paris it was ¼ of one per cent. higher, and in New York call money was ¾ of one per cent. higher. In this state of the continental money market and the domestic market rate, the Bank of England might well have found it impossible to maintain the rate of three per cent. The reduction will not tell favorably on its stock of bullion. The bank was between two fires, and escape on either side was a choice of evils; whether the better alternative was chosen is a matter of opinion.

THE CASH SYSTEM.

It is now some weeks since we were favored with a long letter from a recent subscriber, asking that he and our other readers be favored with an article on the advantage of the cash system to Canadian retail merchants. Our columns have of late been too crowded to permit lengthy letters or discussions thereon, but we, to-day, refer to the subject which, if M. C. were an older reader of this journal he would know, has been often commended in our columns. Another communication, cleverly written, desired some light upon the per centage profits necessary in a cash business—which is meanwhile sufficiently answered if we say to the writer that it depends largely on the turn-over. Latest of all, we have a call from a man who has tried selling for cash for eight years, and has made enough out of it to remove to a larger place to enter upon a more extended business.

In advocating buying and selling for cash, we are always conscious that neither is always practicable. But both should be the aim of our retailers; they should always be on the look-out to lessen the proportion of credit and increase the proportion of cash transactions. The advantages of doing business for cash are well stated in a work lately issued by Mr. Terry, embodying the conclusions of thirty years merchandising in the United States. He declares that

"A cash business may therefore be commended:—First, for its economy, requiring fewer clerks and less of the time of the proprietor; no time being lost in keeping accounts, making out bills, dunning, suing, or investigating the credit and ability of customers.

"SECONDLY, in less onerous duty on the proprietor's part, he having only his own business to look after, while in a credit business he must continually be looking after the business of many of those he credits, to see that they are not becoming irresponsible.

"THIRDLY, for its fairness; as all pay cash one price only is required, while in crediting, justice requires that he who will surely pay should have some corresponding reduction in price below what is charged to him from whom the pay is doubtful.

"FOURTHLY, for its harmonious influences, there being fewer circumstances to create difficulties between the dealer and his customers, such as refusals of credit, dunning, suing and the like.

"And lastly, the cash business is to be commended on account of its comparative safety. The dealer has his means in his possession and thoroughly under his control. When he parts with his money in the first instance, he receives in hand goods, supposed to be, if properly bought, of more value to him than the money. As he parts with these goods again, he receives the money at once. Unlike the person who sells on credit, there is, in his case,

very little risk of his losing his means by the dishonesty, incapacity or misfortunes of others.

"Almost every reader who is engaged in conducting a credit business, will bear me out in the assertion that more than one half of his time and thought is occupied with matters and things connected with the crediting out of the goods and the collections, and less than half with the actual business of buying and selling.

"A cash business has two sides and many fail of success because they only attend to one of them. It is quite as essential that the dealer buys for cash as that he sells for cash. If he does not, his chances of successfully competing with those who give credit are very limited. The great point of advantage which the cash dealer has over the credit one, lies in the lower price at which he can sell his goods."

MANUAL TRAINING.

Education means something more than teaching mere book lessons. It means the building up or the nourishing of the faculties of the lad or the lass, the man or woman. This may be best done in some cases by books. It cannot be done in all cases by means of book-teaching. Some boys will not learn out of a book: but they will take kindly to models or pictures of machines, and they are often fond of tools. Some girls hate the routine of an ordinary school, but are captivated by object lessons. It is in treating such cases that the system of manual training is most successful. The theory is making its way that the training of the hand and eye is necessary in cultivating the brain. It exacts close and thoughtful study with tools as well as with books. All shop-work is disciplinary, and it bears, besides a far closer relation to the probable future callings of the pupils than the mere bald acquisition of refinements in arithmetic, algebra and the "ologies."

We find in the *Iron Trade Review* an instructive description of the Toledo Manual Training School; and as we shall shortly have in our midst an Industrial school for boys, it may be of interest to describe this one at Toledo. It was established under the provision of an ordinance unanimously adopted by the Common Council of the city of Toledo, Ohio, March 18, 1884. The Board of Trustees was appointed by the Common Council, under the terms of that ordinance, and became the trustees of the valuable bequest of the late Jesup W. Scott, for the promotion of instruction in the useful arts. This fund has been greatly increased by generous contributions from his sons, one of whom spent one year in Europe, examining the different schools of art and trades, and in securing a valuable collection of art studies. He also went to inspect the school at St. Louis, and brought a teacher thence.

The Board of Education began by setting aside two rooms in the High School. One of these rooms was fitted up with 24 work benches, vises, tools, etc., for the accommodation of two classes of twenty-four students each, per day, in wood-work. The other room was equipped with 24 drawing tables for mechanical and free-hand drawing.

The school began with forty-five boys and eight girls, from the Senior, Grammar and Junior high school grades. During 1885 the pupils made such rapid progress in their work, and the movement was found to be of such educational value, that a