

prevent him doing so Birkin attacked Callan and the life preserver had to be used in self defence. He accounts for the bullet wounds by saying that Birkin had the revolver and that there was a struggle for its possession in the course of which the shot was fired.

A number of the insurance companies have sent agents to Tangier to investigate this remarkable case, which seems to be full of curious coincidences, but at the same time to be incapable of a single intelligible explanation from any point of view. It is not stated that Callan has any personal interest in Birkin's insurance policies, and if it be shown that he had no such interest, it will be easier to believe in his explanation than in the accusation of attempted murder made against him. Callan seems to have arrived at one of those critical periods in a man's life at which a good reputation would be invaluable, but he does not happen to have one. He says that Birkin's insanity was caused by the use of cocaine and it is not denied that he was in the habit of using cocaine. It is not possible to imagine that Mr. Birkin could have contemplated suicide for the sake of the insurance money. He was not only prospectively wealthy himself but each of his four brothers inherit a quarter of a million pounds on the death of a man who is already eighty-seven years old. The case as it stands is a mysterious one and there are enough coincidences about it to justify the London insurance men actively investigating it. According to an English contemporary the case has already had a discouraging effect upon life insurance business of this particular class.

THE MERCHANTS' BANK OF CANADA.

A year ago, in reviewing the statement of this bank and the annual address of the General Manager for the year ending 31st May, 1897, we referred at some length to Mr. Hague's remarks upon the growth of competition in banking business. He said "*such competition as we have is not always wise and reasonable*," and, later, he added: "*but the competition which leads to demands for lending sums of money and, in some cases, very large sums, without security, is far more dangerous.*"

What a serious business banking is, and how great the danger arising from close competition is becoming, may be gathered from the statement of the Merchants' Bank of Canada for the past twelve months. All the foresight, energy and judgment of an old and experienced banker, with a practical knowledge of mercantile business to aid him in arriving at sound conclusions, have not enabled him to avoid making a large reduction in "ordinary profits by pressure of competition," and a consequent insufficiency of earnings, after providing for losses, to pay the dividend declared.

Examination and revaluation of the assets has also revealed enough shrinkage therein to necessitate

having recourse to the reserve fund for the means of restoring securities to the value hitherto placed thereon.

Discouraging as this report of temporary reverse may seem to shareholders in Canadian banks, the lesson conveyed by this year's statement of a large and powerful bank is well worth its cost. It emphasizes the wisdom of bank managers who, by resisting the desire to pay large dividends, have been enabled to create a reserve fund of such size that even a demand like that now made by the Merchants' Bank of Canada on its undivided profits of previous years will not sensibly impair the strength of the institution. On the contrary, the position of the bank is positively improved and its stock made more valuable as an investment by reason of the thorough inspection of its business and the re-valuation of its assets by such a shrewd, vigilant and conservative banker as the new joint general manager.

No better testimony to the ability and extreme caution of Mr. Fyshe can be given than the present condition of the Bank of Nova Scotia, which, after many years of management by him, was found by his successor in office to be fortified with a reserve fund equal in amount to the capital of the bank, and with a business so sound and securities so full and satisfactory that, instead of reducing the amount of the reserve fund, the present manager, Mr. H. C. McLeod, was able to add \$100,000 to same.

From this we argue that the late examination of the affairs of the Merchants' Bank of Canada by a banker selected by Mr. Hague as his ultimate successor because of a reputation for thoroughness, has shown nothing to alarm and nothing to surprise those who have noted the signs of close, dangerous, and unprofitable competition between the banks of the Dominion foreshadowed by Mr. Hague last year. In fact, it must be comforting to him to know that after twenty years of herculean work in re-organizing the Merchants' Bank, the institution, then extremely weak, is declared by one of the most shrewd and sagacious of Scotch bankers to be now in possession of a reserve fund amounting to \$2,600,000.

That the Merchants' Bank of Canada will continue to increase in size, strength and usefulness may be taken for granted, and the cementing of confidence in its condition—the result of this special examination and consequent reduction of the reserve fund—will eventually add to the reputation and prosperity of the bank.

The division of the fund placed at the disposal of the directors is shown in the statement of the bank, published elsewhere in this issue. Careful analysis of the assets shows the Merchants' Bank of Canada in an exceedingly strong position, the immediately available assets amounting to almost eight millions of dollars. The General Manager is thus thoroughly justified in claiming that the bank is splendidly equipped for the transaction of any new and desirable business, and we trust profitable employment for some