

The paragraph of the address referring to failures should be widely read. It is too long to be quoted here, but the gist of it may be given in a few sentences. Mr. Bousquet agrees with every other observant man that there must continue to be failures because there are too many merchants. When a time comes for everybody to retrench, there is not business enough left to go round, and so the superfluous merchant goes to the wall. Besides the long-credit system, which is recognized as an evil, besides the crowding of the field and the narrowing of profits, there is another evil which the speaker regards as even more injurious in the long run; this is the leniency shown to those who fail. "To be lenient with a merchant whose incompetence as a business man has been clearly demonstrated by one or more previous failures, is a guilty practice, which strikes at the root of sound trade, and the results of which bear disastrous consequences to those who invite it."

The farmers of the province are urged to greater spirit and enterprise, not only with respect to dairy products—especially butter-making, since in cheese both quality and quantity are improving—but in respect of poultry raising. The writer gives reasons why eggs are a promising item of trans-Atlantic export. In cattle export, it is said with truth, Quebec does not take her share; that is to say, the cattle shipped from Quebec or other sea-ports are in too small a proportion raised in Quebec. Out of 140,000 cattle sent across "the ocean in 1891, only 3,500 head was the product of that province!" The disproportion is very evident.

As to dry goods, Mr. Bousquet is bold enough to say that in this line of trade "very few merchants could swear to a profit on the results of last year's operations." He speaks plainly of the folly of long credits, large expenses, heavy stocks, small profits, excessive competition; and of the ignorance or want of application of the strict business principles which form the basis of success.

#### BUTTER AND CHEESE.

The season which is just closing, namely, that of 1891-92, has been a very favorable one for those engaged in the handling of dairy products. In the spring of last year our markets in butter were thoroughly "cleaned up," owing to the marked scarcity of all grades prevalent in the cities of the United States. New York, Boston and Chicago were then all free buyers of Canadian butter. In consequence of this demand the season's business was commenced with clean floors, the usual accumulations of spring goods never occurring, and indeed low grades, "bakers' butter," have been scarce and in active demand ever since. Commission men whose warehouses have frequently been blocked with this too often unsaleable grade of stock very thoroughly appreciate the pleasant change.

The foreign demand for butter has been steady at remunerative prices ever since last July up to the middle of February, and our exports have been large. Some holders of creamery, unduly anxious for the

extreme outside figure, have overreached themselves, and as the English market has declined materially within the last month, they will have to be contented with realising their holdings on our local markets, probably at much reduced figures.

A new competitor has secured a favorable footing in the United Kingdom. Our kinsmen in the antipodes have succeeded in placing their butter in the best of condition on the London market, where it is now much appreciated.

When New Zealand can do this, surely Canada could do more than she is doing. We have not been quite idle, however; the travelling dairy inaugurated by the Ontario Government has circulated industriously through the country. It attracted much attention, and has done good educative work. Our creamery system is slowly expanding; would that the expansion were more rapid. But much remains to be done; if every general storekeeper had the moral courage to pay each farmer's wife the actual value for her butter, be the quality choice, medium, or bad, a revolution in the butter trade, attended with the best results, would take place in twelve months.

Cheese has realized good prices to the patrons of the factories all the season through. The speculative buyers who bought up the fall make have made good money. It is estimated that the stocks left at this date in Canada are barely sufficient to supply consumptive requirements until the new make appears. It is seldom that such a "clean up" has to be chronicled in the first half of March. Should the season 1892-93 be attended with as favorable results to farmer, factoryman, dealer and exporter, none need have occasion to complain.

#### AMERICAN NATIONAL BANKS.

The question, "Can our National Banks be made safer?" is forcing itself upon thoughtful men in the United States. An article under the above caption appears in the last issue of the *North American Review*. It is written by the United States Comptroller of the Currency, Hon. E. S. Lacey.

The National banking system of the United States was instituted in 1863. It was a war measure, and from our point of view by no means such as can be regarded as an ideal one for a time of peace. However, by October, 1865, there were 1,513 National banks in operation under it, whose aggregate capital was \$398,157,000, and deposits \$723,000,000. By 1891 (September), the number of National banks had increased to 3,677, and their deposits to \$2,040,000,000. The paid-up capital of these banks was \$677,000,000, say an average of \$184,000 each. It appears from Mr. Lacey's article that out of the 4,648 banks which had entered the National system in twenty-eight years, 791 have gone into voluntary liquidation, paying their liabilities in full, and 164 have become insolvent.

Dealing with failures of National banks in that country, the author enumerates eight causes of such failures, which in order of their relative importance are placed as follows:

	Per cent.
1. Depreciation of securities.....	27.0
2. Injudicious banking.....	22.7

3. Fraudulent management.....	18.3
4. Defalcations of officers.....	9.0
5. Excessive loans to officers and directors.....	7.1
6. Real estate and real estate loans...	6.8
7. Excessive loans to customers.....	5.0
8. Failure of large debtors.....	4.1

Mr. Lacey declares that the failures of National banks have been in twenty-nine years  $3\frac{1}{2}$  per cent. of the total number—a record which, under all the circumstances of the case, is greatly to the credit of American bankers. But the Comptroller is anxious to make failures still less numerous, and some of his suggestions, in the opinion of the *Banker's Magazine*, are timely and valuable. We summarize them as follows:

1. The law should forbid the purchase of shares of any incorporated company, and should require the prompt sale of all shares taken to secure doubtful debts.

2. Boards of directors should exercise greater care in selecting officers, and employ greater diligence in instructing and supervising them.

3. There should be occasional changes of desks among employees, and very systematic and frequent audit of bank affairs by skilled accountants.

4. Defalcations cannot be prevented altogether, but it is a significant fact that these are usually discovered by the official examiners and not by the directors.

5. Officers and employees of banks should be forbidden to become liable, directly or indirectly, to the bank with which they are connected.

6. A limitation should be placed upon the amount which may lawfully be invested in banking houses.

7. The provision limiting the amount to be advanced to any single customer of a bank, whether person or association, has not been enforced, and a penalty for its non-enforcement is suggested.

8. There is no limit now placed to the amount to which a National bank may discount bills of exchange drawn against "actually existing values." The comptroller would supply this omission and thus "prevent the solvency of a bank from being dependent upon one or more of its chief customers."

Mr. Lacey tells us that the growth of the system has been continuous "and its success conspicuous." Also that while the premium on Government bonds has destroyed the profit on circulating notes or nearly so, yet "as banks of discount and deposit, however, the associations constituting the national system have become indispensable to the commercial and business interests of the country." The comptroller would seem to be much better pleased with the American bank system as it stands than some financial authorities near his own door—the *New York Bulletin*, for example.

—A notice signed by the Bank of British Columbia, Bank of Montreal, and Bank of British North America, dated Vancouver, 26th February, 1891, is as follows: "From and after March 1st next the following banks will only receive United States silver at a discount of five per cent."