

those who have dealings with him, (1) as to his capability, (2) his honesty?

In this respect the banker has sources of information available through the media of the Commercial Information Departments maintained by all banks of importance, and information thus gained is carefully weighed, sifted, and supplemented by the banker's own observation of his customer's business methods, ability, honesty, integrity, and so forth. The old watchword of bankers, "know your customer," is very fully acted up to now-a-days, and instances of bankers being misled by means of incorrect information, or by the customer's skilful manipulation of the current account with the bank, become increasingly rare.

The form in which the loan proposition is made is not a matter of much difficulty where it is a question of straight advances against easily appraised securities, but where accommodation is required for transactions in the import and export trades, it is sometimes a matter of no little trouble to put the proposition into workable form. Formerly it was a fairly general rule to expect the customer to present his proposal "cut and dried," but the development of banking, and the higher educational and technical standard of modern bank officials, has facilitated the practice of helping the customer to formulate his proposition to show how, when, and where the accommodation is wanted, and in what way the lender will be secured. This practice is a growing one, beneficial alike to banker and customer, for the former develops his knowledge of trading and manufacturing customs, and the latter his conception of the possibilities of judicious finance to the advantage of his business.

Finally, the banker examines the position from the point of view of his being secured. There are many points to be considered, but they may be condensed into the following questions, viz.: Is the security sufficient to cover effectively the loan in case of a forced sale, present or future? Is its value a fairly constant one? Can it be easily and quickly realised? Is it the property of the customer, and, if not, has he power to pledge it, and to what extent?

A security may only fulfil these requirements in part, but there may be other circumstances which would induce the banker to give his sanction to the loan. In his business as a lender, the banker has little opportunity for standardisation; every case has to be considered on its own particular merits, but in the foregoing has been indicated the general methods which bankers apply when considering accommodation proposals.

By Cambist, In the Secretary.

QUESTIONABLE FORECASTS

The panic forecasters have continued at work and are now found in Great Britain as well as in the United States. One local forecaster who has been constant in his predictions for a long time past now asserts that while he does not see signs of an immediate panic he is sure it will come within a year. Others, and among the British prophets of evil, assert immediate reaction and point to price reduction all over the world and business reaction in their own country as the indication of it. All these predictions are based on past performances in various countries where similar conditions are supposed to have prevailed in former times. The trouble is that none of the analogies urged exactly fits the present position and while it is never wise to try to predict the future one way or the other it is fair to say in the present case that the panic school of thought has not made out its case. Gradual restoration of business on a normal volume of trade seems to be the outlook for the immediate future although it would seem that we are now passing definitely out of the period of war prosperity, much of it imaginary, and into the period of moderate earnings and more direct competition.

AUTOMOBILE READJUSTMENT

An expected readjustment in the automobile business, which has been predicted by informed persons for months past and has been vociferously denied by others, is manifestly under way, the total number of concerns which have reduced prices now including several of the best known manufacturers. So long as it was only the maker of a popular priced car that had taken the step it was possible to sneer at the proposed price revision and to attribute it to a desire for advertising. The events of the past few days put a different color on the matter.

Automobile readjustment is important, not only for what it may produce in the way of other price changes but also for what it reveals or reflects concerning demand. There is a distinctly lower disposition to submit to high prices and a greater tendency to economize. This is partly the result of the high returns to be had on savings, partly the outcome of readjustment of purchasing power which results in cutting the ability to use wages as freely as in the past. The time has come when trade must be restored to a recognition of the principles which have long been admitted to govern it. There is abundant ability in the automobile business and it has long since passed beyond the stage of a mere luxury. As a commercial proposition it knows that the laws of supply and demand will govern it the same as in other businesses.