

guard in handling accounts based on speculative commodities. One effective means of protection is to keep the loans rigorously down to what the parties must have for legitimate purposes; also the manager should be sharply watchful of the security held—this should be sufficient at all times to fully protect the bank's loans.

Directly and indirectly the war orders have stimulated the activity of industries at many country points, especially in Eastern Canada. It may be that a country town has one or more mills or factories that have received large orders direct from the Dominion Government for supplies of clothing or other articles required for the Canadian armies, or there may be contracts with the Imperial Munitions Board for shells or other munitions. In other cases the stimulation to local industry may come in a more indirect manner. Large plants at the centres of industry may draw heavily on industries in smaller places for some of the materials required by them. The unwonted activity of these local industries again serves to stimulate other lines. There is an increased local demand for labor, perhaps at higher than the usual wages. This again reacts favorably on the trade of the district.

The suddenly created prosperity tends to make business more lively at the local bank branches. There are large cheques passing through the accounts directly resulting from the new business. There will be Dominion Government cheques for large amounts; cheques issued by Government purchasing agents, operating in the locality; cheques drawn by, or sight drafts drawn on, the city industrial establishments buying materials there; and other transactions of a special nature. It may be that mines in the neighborhood that had been dead or were merely worked on a small scale, spring into activity again—as a result of the special demand for certain minerals. Of course, the larger credit transactions involved in these operations would be arranged by the Head Office; and in fixing the terms and conditions the general manager would endeavor to safeguard the bank's interest at all points. With respect to these, the country manager will be expected to use especial diligence in seeing that the borrowers live up to their agreements and promises.

In the cases of the smaller customers engaged in special work of the kind referred to, there would be, in all probability, requests for loans in anticipation of contract payments to be made by Government or by large corporations. These propositions, needless to say, require to be thoroughly studied