

been so many failures that the ground must by this time be tolerably clear. And it is to be remembered that the same qualities that have built up Montreal to its present position are still there. Men have neither lost their energy, their capacity, nor their business knowledge; and as to experience, that of the last year will be invaluable for the rest of their lives. And there are signs that business has taken a favourable turn. Some lines of goods are so low as to offer every inducement for the investment of capital in them. These will, doubtless, be taken advantage of. The export trade is active. Butter and cheese are both rapidly advancing, and the quantity is large. The timber trade is decidedly better, and the whole Ottawa District must soon feel the benefit of that. And what benefits the Ottawa country cannot fail to benefit Montreal.

On the other hand, it would be vain to expect that the cloud of the commercial horizon will clear up at once, or even in a short time. There are still weak houses who may be unable to struggle through, and whose failure may bring other complications. The banks are undoubtedly "nursing" many accounts which present features of difficulty, and some of which may be dropped as time progresses. And economy itself, let it be remembered, means loss of trade, loss of employment, lower wages, and a pressure which will certainly bring on failures, if continued long enough. Rapid recovery, therefore, is out of the question. And all parties, meantime, are doing wisely in carrying out a thorough revision of their business and a curtailment of credit. The undue expansion of credit is an old and chronic evil in Montreal. Forcing business has borne its fruit in a serious crop of losses. If credits were curtailed both in time and amount to one-half their present proportions, such a period as Montreal is now passing through would not occur again for a long time to come.

FINANCIAL REVIEW.

The leading items of the Bank statement for Quebec and Ontario, published in full in our columns this week, present the following aspect as compared with last month:

	LIABILITIES.	
	Aug. 3, '76.	July 31, '76.
Capital paid up	61,492,000	61,596,000
Circulation	17,329,000	17,336,000
Government deposits	3,550,000	3,847,000
Provincial do.	4,966,000	4,730,000
Other deposits	60,083,000	58,985,000
Due other banks and agencies of banks	4,176,000	4,856,000
Other liabilities	85,000	82,000
	\$90,189,000	\$89,836,000

ASSETS.		
Specie and Dominion Notes	14,299,000	14,075,000
Notes and cheques of other Banks	4,172,000	3,723,000
Due from other Banks	11,396,000	11,391,000
	\$29,840,000	\$29,189,000
Government Debent.	1,162,000	1,162,000
Loans to Government	145,000	151,000
Advances on bk stock	4,041,000	3,946,000
Loans sec. by bonds	6,844,000	5,368,000
Loans to corporations	3,868,000	3,825,000
Loans and discounts current	110,712,000	111,590,000
Do. overdue	5,381,000	5,905,000
Real estate and mortgages	892,000	921,000
Bank premises	2,986,000	2,950,000
Other assets	1,644,000	1,649,000
	\$167,515,000	\$166,656,000

It should be noted that the statement of the Mechanics' Bank is not included in the above summary for August. The figures are, however, but trifling and do not materially affect the comparison between the two months. We shall reserve further comment on these statements and on the general financial condition of the country, merely calling attention at present to the large increase in loans secured by bonds. This is almost wholly in the accounts of the Merchants' Bank, the Bank of Commerce, and Bank of Hamilton. The former is doubtless in pursuance of the scheme for floating the debentures of the Quebec Government, which have encountered such fierce opposition in the London money market. The latter indicate, we imagine, a dearth of ordinary mercantile business, and a purpose to employ funds bearing interest at the best rates that can be obtained for them. There are, however, already signs that a demand for money is springing up and that the plethora is passing away.

TORONTO, GREY & BRUCE RAILWAY.

The annual general meeting of the shareholders of this company was held on the 13th inst. at their offices in this city. The report the directors submitted is satisfactory. The gross traffic earnings for the year amounted to \$372,336, while the working expenses for the same period were \$233,428, or 62.9 per cent. of the earnings. There is a gross increase of earnings over last year of \$40,798. The profit made during the year over working expenses amounted to \$138,908. This amount not only was sufficient to pay all the interest on the bonded debt, but reduced a balance standing against the revenue account brought down from last year, from \$34,246 to \$12,742. From the report we learn that the Board was successful in getting the interest on the bonded debt reduced from seven and eight per cent. to 6 per cent., and

e total issue of bonds increased from \$1,600,000 to \$2,000,000. By this means \$400,000 in bonds was obtained, which was applied, by an arrangement with the creditors, towards the liquidation of the floating liabilities of the company. The directors hope to have the whole of the floating debt wiped out very shortly. The company will then stand in a good position financially. The bonded debt will amount to \$2,000,000, and for it there will be a line of 193 miles in length, fully equipped, upon which the first charge will be only £2,130 sterling per mile, at six per cent., making an annual charge upon the entire property of only £24,000.

The directors are to be congratulated on the success of the endeavour made under very trying circumstances, to retrieve the affairs of the company. At one time it looked as if the ordinary creditors were about to lose the whole amount due to them and every interest swept away but that of the bondholders. The President deserves credit for the energetic efforts he made to do justice to every interest concerned; and passing through such a fine and improving district as the road does, we cannot but think that a good future is in store for the company.

THE RISE IN BUTTER.

The state of the butter trade is significant both as to prices and immediate prospects. That there is a scarcity is apparent on all sides. The want of rain in Britain, Canada, and the States has been followed by a shortage in the yield and a considerable rise in prices. Only in the Western States does there appear to be a supply equalling that of last year. The earlier summer everywhere promised well, and abundance for the time was packed in excellent condition. But throughout the latter part of July, the whole of August, and a few days of this month grass was parched and withered. The quality of the butter packed was poor and the quantity far below the average for summer months. Both in Britain and America has the general reduction been experienced. And the consequence is that the price for Dutch, Irish, and Canadian butter on the English market is almost unprecedented.

The rise in values has made the business of shipping a profitable one for dealers here, especially for three or four weeks back. Shipments abroad could not result otherwise in a steadily advancing market. No difficulty has been experienced in selling, and the movement of the latter grades has brought to dealers a very satisfactory remuneration. Within the past week the