

INTRODUCTION.

THE following work is the reflection of a banking and commercial experience extending over more than forty years of active life in England and Canada, together with the observations gained in the supervision of the New York business of one of the larger Canadian Banks established in that centre.

This treatise, it will be observed, relates not simply to banking, like the practical work of Mr. Gilbart, or the scientific treatise of a political economist like McLeod, but covers also the field of commercial and manufacturing operations as well, and discusses the causes of success, or failure, in each of them.

The author has taken particular pains to open up the relation of Banking to commerce, as a handmaid and tributary to it, and this, as distinguishing it from other modes of employing and investing money; and has endeavored to show the danger of confounding the functions of a banker with those of a capitalist, or a Loan Company, whose sphere is found in the lending of money on mortgage, or the undertaking of loans for long periods to governments or corporations.

It was long ago observed that a large part of the art of banking consisted in knowing the difference between a bill of exchange and a mortgage.

Simple as this may sound, it opens up a whole world of interesting study; and to become thoroughly master of it, in its practical application, has baffled the ability of many a man otherwise eminent in the sphere of finance. And the failure to carry out this distinction, in practice, has involved many an institution of these times in financial overtrading. All this will be considered in the course of the work now submitted, and as the author has largely drawn from his own experience and observation, he thinks it may be well to say a few words about them.

Commencing his banking career in one of the joint-stock banks of the north of England, having its centre in a large manufacturing district, with branches in the agricultural district around, the author became familiar with representatives of nearly every class of the producing community of England.

This bank, in which he served for nearly eleven years, was founded by men of remarkable intelligence and ability, who had studied the principles on which banking should be conducted, and carried them into effect judiciously, that the bank has had an uninterrupted career of prosperity since its foundation, and is still well known as one of the best-managed banks in England.

In course of time, and after some years' experience in a large business