

It admits, however, that the country institution cannot any longer be a bank unto itself alone. "It must increasingly become a unit in the banking system of the United States. The drawing together of smaller banks through voluntary district and state clearing-house associations, as in California and elsewhere, is a sign of the necessary co-ordination."

The outcome is likely to remain a matter of interesting conjecture for a considerable time to come. In the meantime, those few Canadians who might be tempted to give ear to such banking criticisms as are contained in the "Flim-Flam Finance Circulars," issued by an Ontario apostle of reform may well ponder over the now recognized weaknesses inherent in localized banking. As The Monetary Times, of Toronto, reminds this Ontario imitator of "frenzied" Lawson, the chartered bank in Canada is "not a sort of monetary village pump, its handle to be worked by any Tom, Dick or Harry who cares to do so, and in the way he deems best."

#### TRADE AND STOCK MARKET OUTLOOK OF CANADA AND UNITED STATES.

The outlook for Canadian stocks generally—so far as conditioned by trade and industrial developments—may not unreasonably be considered somewhat brighter than for United States securities. The comparative course of business in the two countries and in Great Britain, during 1908, was touched upon in these columns a fortnight ago. As then noted, Canada followed somewhat a *via media* between the others. For instance, domestic traffic earnings of British railways fell off only 3 per cent. during the year, as compared with declines of 12½ per cent. and 8 per cent. in the United States and Canada respectively. Also, bank clearings in England showed a decline of 4.8 per cent., while these of the United States and Canada fell off 10 per cent. and 4.2 per cent. respectively. Here, Canada's showing seems better even than that of the old land; a circumstance to be accounted for by unusually active crop exporting and influenced slightly by autumn stock market activity. Canada's relative gain upon the United States, in the matter of clearings, is the more evident when comparison is made with the year 1906. The 1908 showing for the larger country was 18½ per cent. lower than that of 1906; Canada, on the other hand, gained 3.6 per cent. Making all allowance for the opening up of new territory, the comparison gives encouragement as to general sound business conditions throughout the country.

In the matter of foreign trade—again comparing 1908 with 1906—imports to the United States, Canada and the United Kingdom were respectively 15.5 per cent., 9.4 per cent. and 2.4 per cent. less

than those for 1906; while in the matter of exports, the United States showed a falling-off of 2.5 per cent., in contrast to gains of 3.7 per cent. and 4.4 per cent. made by Canada and the United Kingdom.

The accompanying chart indicates the trend of changes (for the United States and Canada) in railway earnings, bank clearings and foreign trade. In addition to showing percentages of change from each month in 1907 to the corresponding month in 1908, and from January, 1908 to January, 1909, the table shows the changes from December, 1906, to December, 1908, and from January, 1907 to January, 1909. A one-year comparison alone, in the cases of the two past months, is misleading—owing to trade recession having already set in at the close of 1907.

It will be noted from the compilation that January railway earnings in the United States failed to reach the corresponding 1907 record by over 4½ per cent., though 6 per cent. greater than the showing of a year ago. January earnings of the three large Canadian lines (though the total showing is adversely affected by the important United States business done by the Grand Trunk) show an increase of 1½ per cent. over the same month in 1907. That the gain over 1908 is only about 1 per cent. is accounted for by the fact of business decline beginning later in Canada than over the border. Taking the Canadian Pacific alone, the January increase over the earnings of 1907 was no less than 13 per cent., the gain upon last year being over 5½ per cent.

January bank clearings in Canada also indicate the gradual recovery in general business which has continued through February. The gain of 5 per cent. upon the 1907 showing is in encouraging contrast to the United States falling-off of 6½ per cent.

As regards foreign trade, Canada's January export showing has not proved so disappointing as that of the United States—domestic products sent abroad by that country being 24 per cent. less than in January, 1908, and over 17 per cent. less than in January, 1907. While Canada's January exports of domestic produce are nearly 25 per cent. less than those of a year ago (when there was an export "rush" from both this country and the United States) they are only 8 per cent. lower than for January, 1907.

There are now evidences that United States industrial interests are recognizing the futility of trying to bolster up trade by maintaining high prices instead of allowing normal readjustment to work itself out. Mr. Carnegie lately remarked that had he been in active business during the past year he would have considerably reduced prices, stimulated the demand for steel and tempted constructors to undertake new work. Though the