ion that, through diminished production, the lumber trade is already undergoing a gradual recovery. Mr. Walker's general conclusion is that clearly we should import as lightly as possible, manufacture well within the limits of previous years, cut down expenses, and extend credit with regard only to the buyer's ability to pay under adverse conditions of business. It is to be hoped that such sensible words may fall as seed into good ground.

BANK MEETINGS.

The reports of six banks in Ontario and Quebec will be found in our columns today. They show an average earning of eight per cent. on capital and Rest combined. In respect of earnings, some of the smaller banks show a better ratio than the larger, but none of them have much room for complaint when the character of the year for bad debts is borne in mind. We tabulate the capital and Rest and the net earnings of each of these banks, and include with them the Standard, whose report will appear in next issue :

Name.	Capital and Rest.	Net earnings.	Per cent.
Merchants....	$8,144,000	579,000	=7.10
C B. Com....	6,900,000	514,000	=7.45
Toronto......	3,500,000	282,400	=8.05
Imperial	2,250,000	222,800	=9 90
Hamilton	1,721,000	145,124	=8.43
Ontario	1,750,000	130,100	=7.43
Standard	1,500,000	117,502	=7.83

It is impossible, crowded as our columns are, to discuss in detail to-day the features of each report. Our readers who peruse them will find much to repay their reading, and will probably conclude that in bank administration Canada is not behind other countries. In addition to the comprehensive addresses of two general managers of banks, the president of the Bank of Toronto, like his confrere, the president of the Commerce, expressed his view as a business man on the general situation.

MUNICIPAL FRANCHISES AND MONOPOLIES.

In Toronto the street railway question bids fair to give rise to an important consideration in connection with limited municipal control of certain enterprises to which the municipal organization gives life. Among these are water and gas and electric light supply and street railway service. What is wanting is to have settled is the principle on which the management of such works should be conducted, if in the hands of the municipality. At present we are all at sea on this point. If those enterprises are undertaken by the municipality, ought they to be made revenue producing, or simply run in a way to cover cost? When they are in the hands of private parties the citizens have to pay heavy profits, besides the cost of working expenses; and the same amount paid by the citizens, if the works were run by the council, should secure a good profit. But would they, as a matter of fact? Mr. A. H. Sinclair (*Municipal Monopolies and their Management*) shows that in Ontario municipalities supply water at 20 per cent. less cost than private companies charge, and in the whole of Canada private companies charge fifty per cent. more than the municipalities. In the United States private companies charge forty-three per cent. more than municipalities for water supplied. But this is only one side of the question; it remains to be seen whether there is a loss to the municipalities in carrying on the works. In Toronto the water works pay interest on their cost and leave a profit. But in Canada and the United States the cost of construction is less to private companies than to municipal corporations, though even this fact standing alone is of little value. It may only mean that private companies have built their works in a less substantial or a less permanent manner.

The proper way, it seems to us, is to treat enterprises of this kind, when conducted by municipal corporations, on business principles, unless special circumstances require a departure from this rule. If a municipality is to extend the sphere of its operations, in undertaking works of this kind, it should endeavor to adhere to the business rule. Water, gas, or electricity, and street railway service are necessities in all cities and towns of considerable size. When the infancy or poverty of a town makes it expedient to grant franchises to private persons or corporations for supplying these requisites, there should always be a limit to the time of the concession, with the view to its being taken up by the town organization at the end of the period. And when the change takes place, the works should be conducted with a view to profit; not only should the works be self-sustaining: they should in addition yield a profit to the town or city. The better plan would perhaps be not to make the profit large, but large or small, a profit should be counted on, unless there be exceptional causes to justify a deviation from this rule. The reason for proceeding on this principle is plain: the users of water, gas, electricity, and street railway service, ought to pay for them as they pay for any other commodity they require. Considerations of public health, in the case of water, may sometimes have to be taken into account, in connection with facilities of acquisition and cost of service.

In Toronto, at this moment, without any adequate reason, the question has been raised of supplying water at less than cost. The effect would be to throw an unequal burthen on water users; to make some pay for part of the supply of others. The legitimate profits of the street car service are in danger from a disposition to urge on the council a reduction of fares below the paying standard. Where mains are laid on streets where there are few water takers, the owners of vacant lots should pay their share of the interest on the investment. Let the principle be established, once for all, that undertakings of this kind should be conducted on business principles, and with a view to profit, though profit need not be the principal object; and, if necessary, let the rule be consecrated by a binding provision in the municipal act. Steadied by this sheet anchor, a town or city would have correct conception of what it was going to do when it undertook to supply its own water, light, and street railway service.

There should also be some rule on which municipal franchises should be enjoyed, always remembering that they belong to the whole city and not to a part of its inhabitants. No one should be allowed to excavate under the sidewalks for private purposes without paying the corporation for the privilege, otherwise he gets for nothing the private use of a thing which belongs to the whole of the citizens. The telephone franchise has been dealt with in Toronto on the principle of something like a fair compromise, but the council showed a disposition to intermeddle where it has no authority, and even undertook to dictate to the company what it should pay to its female employees; but unless this be considered as part of the agreement, which it is not, the resolution about wages is so much waste paper. The part of the Bell telephone franchise dealt with belongs to the whole body of the citizens, and is not the exclusive appendage of that small portion of them who use the telephone; and the settlement has properly been made in accordance with this principle.

A right understanding of the bearings of municipal franchises and how they should be managed by city and town corporations as monopolies, is very essential at this period of our progress, and we trust that both will in future be better understood and more intelligently dealt with than in the past.

DECISIONS IN COMMERCIAL LAW.

Bolton v. Salmon.—Where a surety pledges his personal credit by bond or covenant, and by the same contract pledges also his goods, or mortgages or charges his lands, as security for the same debt, any alteration of the contract by the mortgagee and the principal debtor behind the back of the surety, *e.g.*, by a consolidation deed, with a fresh covenant for payment of the principal sum with other moneys subsequently advanced at a later date, not only discharges the surety from all personal liability, but also releases the property which the surety had included in the contract.

Greenwood v. Turner.—Where a purchaser of real estate fails to complete his contract by payment of the balance of his purchase money by the stipulated day, but, being in possession on that day, retains possession thereafter without paying interest or rent, the Court will not, on a motion by the vendor in an action for specific performance, order him to pay the balance of purchase money into Court without giving him the option either of retiring from possession on a certain day, with interest from the day fixed by the contract for completion, even though the purchaser is in position under the contract and has made no objection to the vendor's title; but that option will not be given if the purchaser has done anything to prejudice the value of the property as a security for the balance.

Redmond v. Canadian Mutual Aid Association.—Where a mutual insurance company have, without objection, received payment of assessments after the proper date for their payment, they are not thereby debarred from