

THE CANADIAN BANKING SYSTEM: MR. WILLIAMS TAYLOR'S ADDRESS.

"Canada and Canadian Banking" formed the subject on Tuesday last of an interesting address under the auspices of the Colonial section of the Royal Society of Arts, by Mr. F. Williams Taylor, the London Manager of the Bank of Montreal. His Grace the Duke of Argyll was in the chair.

Mr. Williams Taylor, in the course of his remarks, said that the Canadian system of banking was, in effect, a uniting and co-operative one. The bank, acting as a medium, received deposits from the prosperous farmers in agricultural districts where there was little demand for borrowed capital, lending it throughout the length and breadth of the land, where it was absorbed by the business requirements of merchants, manufacturers, miners, millers, and financial houses. The branch banking system facilitated this, and not only enabled the banks to pay depositors a rate of interest with which they were well satisfied, but permitted advances to be made to the merchants, manufacturers, etc., at a more uniform and moderate rate than would otherwise be the case. The rate of interest allowed on what were called "savings accounts" was 3 per cent. throughout the whole Dominion, and the rate charged on loans varied little, the difference being not more than, say, 2 per cent. between the rate paid by the trader in some remote Atlantic fishing village, the rich merchant or manufacturer in the commercial centres, the lumberman, the miner—even the farmer in the Northwest or the tradesman in British Columbia. Banks could charge any rate of interest or discount, not exceeding 7 per cent. per annum. The Bank Act of Canada aimed at protecting the public against the creation of weak or improperly managed banking institutions, and so prohibited the use of the name "bank" except under Government charter. The present currency system of Canada was essentially elastic, automatically expanding and contracting according to the demands of trade and variations of the seasons. All banks could issue notes to the extent of the paid-up capital, such notes being a prior lien against the total assets of a bank and also against a liability on the part of the shareholder up to twice the amount of the subscribed capital. Some of the leading Canadian banks loaned largely on call and to the Stock Exchange in London and New York. As a safeguard against financial exigencies, the policy of the Bank of Montreal for many years had been not to lend on call in Canada, but in London and New York, where money could be taken off the market without disturbance, for its own requirements or for the strengthening of the Canadian position should necessity arise.

The system of bank inspection in Canada corresponded in general principle with that prevailing in this country, and in dealing with commercial customers in Canada it was a *sine qua non* that borrowers furnished the bank with detailed information regarding their affairs, together with balance-sheet, profit and loss accounts, etc. The Canadian Bank Act did not permit a bank to lend on real estate or upon the security of real estate mortgages. Any bank failures that had occurred in Canada had resulted not from defects of the banking system, but from lack of ability or the dishonesty of individuals. In Canada, as in England, general managers, etc., of banks were trained bankers, and the general manager was from circumstances somewhat of an autocrat, and though this might have its disadvantages as well as its advantages, autocracy was a simple, safe, and effective form of government or administration, provided the autocrat was fully qualified for his great responsibility. Canada had been singularly fortunate in this respect. No section of the community appreciated more keenly than Canadian banks the vital necessity of an uninterrupted flow of capital. American money would be forthcoming, as in the past, for the development of private enterprise, and English money for such purposes would doubtless follow in ever-increasing volume; but the Federal Government, the Provincial Government, the municipalities, and the great transportation companies must be financed in London, and that was one reason why the safeguarding of the national credit of Canada in this, the greatest of all money markets, had been, was to-day, and would continue to be one of the most important accepted duties and responsibilities of Canadian banks, and it also explained why

Canadian banks with branches in London had so persistently declined to stand sponsors to doubtful public emissions.

LONDONER.

London, E.C., May 13, 1911.

Public Companies.

MONTREAL LIGHT, HEAT & POWER COMPANY.—

The tenth annual report of the Montreal Light, Heat & Power Company for the fiscal year ended April 30, has just been issued. The gross revenue was \$4,404,126, operating and maintenance \$1,827,786, fixed charges \$472,051, dividends \$1,275,000 (being three quarters at the rate of 7 p.c. per annum are the last quarter at the rate of 8 p.c.), leaving a surplus for the year of \$820,287. From this there was appropriated \$200,000 to Contingent Account, \$266,011 to Depreciation and Revenue Account, and \$10,000 to Officers and Employees' Pension Fund, and \$353,275 was transferred to general surplus. In addition \$373,528 was appropriated for Depreciation and Renewals during the year. The total surplus now stands at \$2,395,837. A contract with the Shawinigan Water & Power Company for an additional 40,000 horsepower was concluded. This makes a total of 63,000 horsepower under contract and available from the Shawinigan Company. This contract with the Shawinigan Company might be described as one of the Montreal Company's best assets.

MONTREAL STREET RAILWAY.—The following is the April monthly statement of earnings and expenses, interest on bonds of M. P. & I. Railway and M. T. Railway companies owned by this Company not included:—

CURRENT MONTH.

	1911	1910	INCREASE	
			AMOUNT	Per Cent.
Passenger Earnings	367,416.15	335,941.37	31,468.78	9.37
Miscellaneous do.....	4,898.93	8,823.74	*1,924.81	*44.48
Total Earnings.....	372,309.08	344,765.11	27,543.97	7.99
Operating Expenses..	200,718.92	190,842.05	9,876.87	5.18
Net Earnings.....	171,590.16	153,923.06	17,667.10	11.48
City Percentage on Earnings.....	29,544.10	25,298.33	4,245.77	16.78
Total Charges.....	50,337.90	44,584.21	5,753.69	12.91
Surplus.....	121,252.26	109,338.86	11,913.41	10.90
Exs. P.C. of Earnings	53.91	55.35		*1.44

* Decrease.

OCTOBER 1st TO DATE SEVEN MONTHS.

	1911	1910	INCREASE	
			AMOUNT	Per Cent.
Passenger Earnings	2,525,030.03	2,285,164.16	239,865.87	10.50
Miscellaneous do....	50,193.92	51,837.16	*1,643.24	*3.17
Total Earnings..	2,575,223.95	2,337,001.32	238,222.63	10.19
Operating Expenses..	1,571,191.54	1,407,826.42	163,365.12	11.60
Net Earnings.....	1,004,032.41	929,174.90	74,857.51	8.06
City Percentage on Earnings.....	135,627.38	123,799.76	11,827.62	9.55
Total Charges....	279,543.29	257,169.97	22,373.32	8.70
Surplus.....	724,489.12	672,004.93	52,484.19	7.81
Exs. P.C. of Earnings	61.01	60.24		.77

* Decrease.