

H. C. McLeod Surveys Financial Year and Points Out Strong Position of Bank of Nova Scotia—Interest of Country Better Served by Goodly Number of Moderate Sized Banks Than by Amalgamation Into Few Large Institutions.

present has not been a full share, towards its development. This whole question may be assumed to be covered by one word, EXPAND; and that may prove to be the correct answer. Openness to the world, the bankers responded to banking, where a rapid increase of deposits, either from the savings of the thrifty, or that result from Government borrowing, makes a corresponding expansion of loans essential to the payment of bank dividends. The bankers, pointed out, the theorists are hampered by the practise of banking, not only in the experience of individual banks, but in the banking experience of countries as well. From them the Australian came to the United States, and with the destruction of the Sovereign Bank, an institution that developed its branch system and its deposit department with a speed hitherto unparalleled. The rapid increase and the growing deposits sets up a keen competition among banks for borrowing accounts. Such competition inevitably results in a growing disregard of the requirements and the concessions are accorded customers with a view to induced

them to increase their borrowings. It does not need the eye of an expert to detect the danger of such conditions. If the original management of the Sovereign Bank had not made the fatal blunders that crippled and finally wrecked the institution, it is probable that it would have approached the sixty million mark. Such a mushroom growth could not compact its elements into a firm and time-defying fabric. Business growth proceeding on the basis of money borrowed by weak and inflated credits, needing only the touch of adverse times to reveal its true quality. To all who are in a position to judge, the collapse of the Sovereign Bank is a constant danger threatening the financial situation, calling for the exercise of extreme care and the use of every precaution to guard against its repetition. It is to be hoped that the careful study to the situation that confronted the bankers of Canada during that period, beginning with the failure of the Ontario Bank and ending with the failure of the Sovereign Bank, will know well that this is no mere chimera of imagination. In discussing this subject the trend of Canadian banking naturally comes under consideration.

that fewer and much larger banks will be the outcome of present lines of development. My opinion is that the interests of this country of rapid expansion are better protected by a few goodly number of moderate sized banks, than by amalgamation into a few large institutions. In times of adversity, numbers should afford insurance against failure. The country is overwhelmed were our financial agencies gathered into too few banking baskets. Although the near future offers only the brightest encouragement, to more rapid expansion, we must not expand only as rapidly as we are able to assimilate new business and new loans, so that the resulting losses will not greatly differ from past experience. I have no doubt that the country must have rapid banking expansion, and that from that development, by whomsoever undertaken, the dangers incident to credit expansion will be met. The banks that threaten not only the banks that expand rapidly, but also menace the whole financial machinery of the country. A bank, to remain sound, solid, and wholly responsible, must guard against that danger.

from without as well as prepared to face the risks incident to its own business. It is that appears to be the only safe policy.

Cost of Living.

The generalization of officers' salaries, the cost of living is a subject with which banks must deal. This cost is ever increasing; due partially to the more general tendency to increase salaries and partly to ineffect taxation of expenditure. The steady increase in the wages of workmen raises the cost of commodities, and the tariff, from which some goods are exempt, adds to the level of prices from the bank employee. Bradstreet's "Index Number" shows that in the United States \$3.42 had the same purchasing power on 1st January 1886, that \$1.00 has today. In 1906, the cost of living has increased 120% more in Canada than in the United States. Bank salaries in general have not advanced twenty per cent in fifty years, and are inadequate in the present keeping pace with the higher cost of living. It is of prime importance that the quality of bank management should be maintained, and sufficient compensation. In the circumstances we have this year departed

from the Bank's regular methods of declaring a bonus to junior managers and clerks. To make the point more homey, we may add that the scale of salaries in the Bank is believed to be comparatively high.

The system of Bank note circulation improved and adopted in 1890, and has been the source of excellence in Canadian banking. If this excellence is to be maintained, the privileges of circulation will need to be preserved. It is rapidly becoming impossible to make desirable additions to bank capital. These privileges are so nearly exhausted that banks freely circulate only another's notes. The elasticity, the most admirable feature of the system, seems to fully exist. Apparently, capitalists are not anxious to invest in bank shares, and it is feared that the Government of the country that should be an enlargement of the privileges of circulation, either has on a portion of the reserves of the Bank, or the Government has taken the side against notes circulated in excess of the present circulation limit. From the outset, we have

posed as emergency provisions of the Bank Act, the provisions are of no use to this institution, which has not yet thought it advisable to pay 5 per cent. interest on the privilege of note circulation. Eight years ago we sought an amendment to the Bank Act, permitting increased circulation against deposits of gold with the government. A provision that kind would tend towards an increase of specie in the country, and would form the basis of operation by conservative institutions. The emergency circulation has been but little used by the banks, and, in the

state, therefore. By that important test, by the test of earning power, by the test of convertibility, by the test of liquidity, and by the test of the soundness of the underlying principle of solidity, strength or material progress, the Bank of Nova Scotia occupies a position by itself at the highest point of the roll of the world. Much of the credit of the Bank of Nova Scotia is due to the sound foundation laid by my predecessor. The highest praise that can be accorded to the work that has followed is to say that it is in line with that foundation. The greatest hope with that foundation is that it will go on with the idea of safety dominating its policy. I have the utmost confidence that it will go on in that course. If there were any doubts on that subject I could not now lay down the work that has been done in my life. I have been largely my life work; a work that I have not yet had time to have not re-

perhaps you are mentally inquiring whether the truth is always best. I have contemplated retirement for some time and at this visit I have urged the same on so many of my friends that I have acceded to my desires in the matter.

No Differences With Board.

There are absolutely no differences with the bank. I am on friendly terms with every warm personal friend, and am sure these friendships will always endure. But I am not in the least bit prejudiced against the bank in Canada, and I am apprehensive of the results that will follow the period of fresh injection of bank capital into the Canadian economy. For more than ten years I have striven to improve banking conditions, and while I have reserves in remedying a dangerous condition, one that otherwise would have been disastrous, I have accomplished. I was

content to walk from the Bank Act register in 1900 to that of 1910, and to be alive in the meantime. A man of the calibre of banker who is mistaken in words is not likely to be mistaken in regard to his authority to speak for the government, that there are not likely to be any important changes in the Bank's horizon line. All the members of the Canadian Bankers' Association are opposed to changes that I have urged with the other members of the association, and they suggest no other remedy for the demonstrated weakness of our legislation. There are many things of high regard for whom I regret to differ on points essential to the financial safety of the country; to differ so sharply with the majority of the members of the association is of little influence me. The personal views of shareholders in favor of supervision which I quoted may in the future be assumed to be the attitude of all banks. It is probable are strongly in favor of external supervision. But the general managers and directors of banks understand in the way. I have earnestly and confidently sought to do my duty in the interests of Canadian finances.

Eventually the more important changes advocated will come. Executive management must wait. But I have not patience to await these changes nor the disposition to quietly tolerate banking practice that has produced so much loss and which looms a dark cloud on an otherwise fair outlook. Therefore, I have asked the privilege of retirement. The future of the bank will remain a subject of great interest to me.

AUCTION SALES.

**AUCTION SALE OF
DIVULGED PROPERTY
IN THE CITY OF TORONTO**

There will be offered for sale by Public Auction, at C. J. King Street Auction Room, on Saturday, 5th February, 1910, at 12 o'clock noon, by order of a Power of Sale contained in a certain mortgage which will be produced at the sale, the following shown on

Plan No. 572, being the southerly 17 feet 6 inches of said lot, and known as street fronted Mariposa.

The following improvements are said to be on the property:

One and one-half story brick dwelling with one kitchen, seven rooms and bath, summer kitchen, verandah, hot water heating, modern plumbing.

TERMS—Ten per cent of the purchase money to be paid down on the day of sale; for the balance will be one-third on the 1st of June. For further particulars apply to

JONES & GONARD,
Solicitors, 18 Toronto Street, Toronto.

ESTATE NOTICES.

IN THE HIGH COURT OF JUSTICE

Judicial Notice to Creditors, Contributories and Members of the
Toronto Park Company, Limited.

Pursuant to the winding-up order in the matter of the above Company, dated the 24th day of January, A.D. 1906, the undersigned will on Friday, the 10th day of February, at 10.30 o'clock, the day of the hearing of the petition in the ex parte at his chambers at 40, George Hall, in the City of Toronto, receive and consider the claims of the above

point a permanent
company and let all parties then attend.
Dated at Toronto this twenty-first day
of January, A.D. 1910.
J. A. C. CAMERON,
Official Referee.

**JUDICIAL NOTICE TO CREDITORS,
Contributors, Shareholders and
Members of the McCann, Knox Mill-
ing Company, Limited.**

PURSUANT to the Winding-Up Order
in this matter, the official referee will on
Wednesday, the 2nd day of February, 1910,
at the hour of 4 o'clock in the afternoon,
at his chambers in the Home Life Building,
124 Adelaide and Victoria-streets,
Toronto, appoint a permanent liquidator
of the above company, and let all parties
then attend.

Dated this 22nd day of January, 1910.
ED. KEEPELLE,
Official Referee.

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GOOD HEAVY RAIL IN FOAL TO
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good work horse, 128 Curzon-street.

PERSONAL.

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Hamilton, require talent for enter-
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15th next. Applications, terms, etc., to be
addressed E. J. Glavin, 73 Ferris-street-
East, before Feb. 1st, 1910.

The retirement of Hon. Clifford Sifton
from active politics will take place
when the present parliament runs its
course, according to statements of his
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BENTLEY, 34 VICTORIA STREET—We have placed in our hands for immediate sale a first-class dry-goods business in A1 business locality. Good stock of about \$6500. Will give a substantial discount. Splendid turnover, which is increasing every week. The store is an A1 solid brick building, with a large dwelling of 8 rooms and bath-room. First-class fixtures. Will take \$3200. An energetic business man or woman can make money here. Investigate at once. Bentley, 34 Victoria. Phone Main 3257.

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The depressed securities market is evidently down on the Standard Steamship.

It was reported that at least six of the vessels were seized with cargo which consisted of munitions and that many of the crew were taken to their places of confinement.

Efforts are being made to designate by the government the ships as a grippé, and several men

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