

Balances due to agents, in the United Kingdom	233,897 88	7,230,152 50
		\$10,533,604 38
<b>Assets.</b>		
Gold and silver coin.	\$ 83,988 64	
Government demand notes	488,758 00	
Balance due from foreign countries..	95,558 57	
Notes of and cheques on other banks ..	257,805 43	
Deposit with the Dominion Government for security of note circulation	32,786 91	\$ 958,897 55
Loans and bills discounted, securities and other assets..	\$9,212,029 43	
Debts secured by mortgages or otherwise	47,445 66	
Overdue debts not specially secured (estimated loss provided for) .....	72,485 12	
Real estate, not bank premises and mortgages on real estate	71,462 24	\$ 9,403,422 45
Bank premises and furniture in Provinces of Quebec and Ontario.....		171,284 38
		\$10,533,604 38

JAMES STEVENSON,  
General Manager.

QUEBEC BANK,  
Quebec, 15th May, 1893.

The general manager, Mr. Stevenson, gave further information relative to the affairs of the bank, and said:—

It has been my habit to explain to the shareholders the several items in the balance sheet, in order to convey to them as much knowledge of the business of the bank as can be conveyed in the brief term of a meeting. I shall begin, as usual, by referring to the debtor side of the balance sheet, viz:—The liabilities; first, the capital, \$2,500,000, which undergoes no change. Next in order is the "Rest Account," which is now \$550,000; the third item is an amount of \$102,053.82, being interest accrued on deposits and due to depositors. The fourth is the balance of profits carried forward amounting to \$61,666.66, which the directors consider amply sufficient to protect the rest fund from invasion. The second section consists of two items, viz: unclaimed dividends, \$2,231.40, and the amount of the half yearly dividend, \$87,500, placed at the disposal of the shareholders on the 1st inst. The third section consists of five items, which I shall proceed to explain, viz:—Notes in circulation, \$622,763, which is small, compared with the amount shown in the balance sheets several years ago; but the directors have made arrangements by which they expect to increase the amount of the notes of the bank in circulation. Deposits not bearing interest, \$670,222.45, and deposits bearing interest, \$5,688,420.18, both of which are in excess of those of last year. Balances due to other banks in Canada, \$14,848.99, and balance due to our correspondent in London, the Bank of Scotland, \$233,897.88, amply covered by bonds and bills.

Having passed in review the several items constituting the liabilities, I turn to the statement of assets. The first section comprises five items:—First, gold and silver coin \$83,988.64; second, Government demand notes, i.e., legal tenders, \$488,758, together \$572,746.64, an amount which is considered amply sufficient to meet demands that may be made upon the bank, under any circumstances, here or at its branches. Third, balances due from agents in foreign countries, \$95,558.57; notes of and cheques on other banks, \$257,805.43; deposit with the Dominion Government in security for the note circulation, \$32,786.91, none of which items need any comment. The second section of the assets column comprises four items: first, loans and bills discounted, securities and other assets, \$9,212,029.43. On referring to the statements respectively of previous years, it will be seen that this sum is in excess of the similar item in those years, showing that the business of the bank, so far from shrinking, is manifestly increasing in amount and importance.

Allow me to submit an analysis of this important item in the balance sheet, in order to show how the resources of the bank are employed.

Advances have been made as follows:—

To firms connected with the timber trade and lumber business.....	\$1,608,340 00
To firms connected with general business, dry goods, hardware, &c .....	1,542,200 00
To firms engaged in the shipment of grain and produce generally.	704,300 00
To firms connected with manufacturing interests.....	1,366,300 00
To firms connected with Government contracts and railway business .....	357,200 00
To corporations and municipalities .....	833,019 00
	\$6,411,359 00

Then we have

Provincial Government bonds .....	\$100,000
Dominion Government is indebted .....	4,600
	104,600 00
And we hold Dominion Government bonds .....	148,433 00
And we have out in call loans secured by bonds and stocks of undoubted character, with ample margins .....	\$2,547,637 43
	\$9,212,029 43

In 1890 the loans amounted to.....	\$7,998,017
1891 " " .....	8,095,789
1892 " " .....	8,675,800
1893, as above .....	9,212,029

I think I mentioned, incidentally, to the shareholders last year, that when I was appointed cashier of this bank—or general manager—the total loans amounted to \$2,512,000; the circulation of its notes, \$384,000; and the deposits, \$957,000.

Continuing my remarks on the assets, I have only four items to refer to, viz:—

Debts secured by mortgage or otherwise .....	\$47,445 66
Overdue debts not specially secured, but estimated loss thereon provided for .....	72,485 12
And real estate not bank premises, etc., amounting to .....	71,462 24

Bank premises and furniture in provinces of Quebec and Ontario .....

The directors have referred in their report to the financial position and monetary system of the United States. As I have given some attention to the principles of currency, I must ask you to do me the favor to listen for a few minutes to what I have to say on the subject.

The currency problem occupies at the present day the attention of every one connected with the business of banking; and not a few commercial men and scientists have devoted their attention to the subject. An International Monetary Conference was held last year at Brussels, in which statesmen and authorities on subjects of finance from many nations took part, and at which they expressed their views, without however arriving at any agreement as to the future monetary policy which should govern the trade of the world.

Much has been written on the subject in the United States, chiefly by those who favor the use of both gold and silver as legal tender. In Canada, Mr. Samuel E. Dawson, of Ottawa, who has evidently bestowed much attention upon currency questions, contributed an article to *The Week* of 3rd February last, entitled: "The Argument for Bi-Metalism." The article is instructive and interesting, and well worthy of being studied.

In alluding to the present continual fall in prices he says: "All those who can remember the hopelessness of the business outlook which preceded the gold discoveries in California know how the outflow of gold armed with new life and hope the business energy of the world. Gold was not demonetised, although the proportion of its production to that of silver was as 76 to 23, although the usual product of five years was rolled into one"—and further on: "The problem before the actual workers in business is how to permit the new silver to flow out over the world

as did the new gold forty years ago, and to fix upon the normal ratio between the two metals."

That venerable jurist, Mr. G. W. Wicksteed, Q.C., Law Clerk of the House of Commons, takes exception to some of Mr. Dawson's views, and, in reviewing the article referred to, writes as follows: "Nor can I agree with him that his argument for bimetalism is sound, if he means, as he appears to do, that two metals of fluctuating value with regard to each other, and to property of any kind, can be fairly and advantageously used as standards of value and made legal tender, in the same country and at the same time, in payment of debts of all kinds and to all amounts. The cheapest of the two would always be offered by the debtor and the dearest be demanded by the creditor; and in the absence of any previous agreement on the point, how could the right of each be determined? Gold and silver, the two metals to which the argument relates, are both articles of merchandise rising and falling in value according to the law of supply and demand. A fixed relative value of one to the other could only be established by the common consent and agreement of the whole civilized world, or by special agreement between the parties concerned (whether nations or individuals) in each case." Thus writes Mr. Wicksteed; and that great authority, the late Michel Chevalier, member of the Institute of France, wrote in the same strain in an article: "On the possibility of conferring the quality of standard upon two metals at once." "Inasmuch," he writes, "as money is at the same time a measure of value and an equivalent, common sense would seem to tell us how more than difficult it must be to have two moneys, equally invariable, and permanently in use together; for how could it be possible for a given quantity of merchandise to have for equivalent indiscriminately a certain quantity of gold and a certain quantity of silver, which should always bear the same relation to each other, seeing that there is not and cannot be a fixed relation between the two metals? The value of gold and that of silver depend in fact to a large extent upon circumstances peculiar to each of them, they being identical in this respect with iron or copper, bread or meat. It would, doubtless, be an exaggeration to say that they are absolutely independent of each other; but between gold and silver this relation is not closer than between corn and wine, or between bread and meat. Now, who has ever maintained that so close a connection exists between these two products that the price of the one being given, that of the other can thereby be determined?" It is now a long time since Locke has said, "Two metals such as gold and silver cannot serve at the same time, in the same country, for a medium of exchange, because the medium ought to be always the same and retain the same proportionate value. To adopt, as a measure of exchangeable value of commodities, substances which have not a fixed and invariable relation to each other, is as if we were to choose for a measure of length an object which was subject to the process of distending and contracting itself. In each country there should be but one metal to serve, for the money of account, the payment of contracts and the measure of value."

It would seem from the foregoing quotations that the problem submitted by Mr. Dawson will scarcely admit of solution. The establishment of a bi-metallic system now would probably produce some immediate relief; but I fear at most serious consequences to the future welfare of trade generally.

In regard to the falling off in the production of gold, I am not prepared with statistics to show the extent of such falling off, as compared with the production of earlier times. The Right Hon. Mr. Lidderdale, Governor of the Bank of England, visited Canada last year, and I did myself the pleasure of calling upon him when he visited this city. He spoke about the production of silver and gold and upon currency questions. He stated that the production of gold was increasing, especially in South Africa, where gold digging is carried on to a great extent in the various gold fields, principally Baberton and Wetwatersrand. "The export of gold through Natal and Cape Colony amounted in 1890 to £1,851,905, in 1891 to £2,901,470, and for the first eight months of 1892 to £2,287,423. The output of the W. W. Rand alone amounted to 230,640 oz (value £807,240) in 1888, to 382,364 oz. (value £1,338,274) in 1889, to 494,392 oz. (value £1,730,372) in 1890, in 1891 to 729,238 oz. (value £2,552,333), and for the first seven months of 1892 to 663,983 oz (value £2,323,440)." The stock of gold, reinforced by those and future supplies, is it not reasonable to sup-