The Toronto World.

NO 83 YONGE-STREET, TORONTO

A One Cent Morning Paper.

SUBSCRIPTIONS.

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Don Quixote, Late of Owen Sound.

The Empire thinks those who are asking for cars on Sunday have made out a pretty good case, but still it would not be wise to trust the people with Sunday cars. Sunday cars are objectionable both on grounds of health and moral welfare. Sunday cars will be thoroughly injurious. Thus does the man from Owen Sound lecture the people of this city. What kind of men do we grow in Canada that they must be bridled every seventh day for fear they will run amuck and jump into some fearful abyss? How terribly wicked an agent the modern street car is! See it tear along the streets in its mad immoral whirl! A perfect juggernaut of crime and immorality! Citizens of Toronto give ear before it be too late. Listen to the voice of the Man from Owen Sound. Be wise, be prudent. The tempter is cunning and deceitful. Slay the monster ere he gets his fangs into your vitals. For God's sake give up this mad proposal of yours to ride in cars on Sunday! It will be your ruin and drag you down to destruction.

Thus delivers himself to the people of Toronto the Man from Owen Sound. What think you, citizens, about this man who would bridle you? We say, give it to him in the neck, straight. Any man who thinks you and I are so puerile, so light-headed, that we are going to lose our mental balance by reason of a mad infatuation engendered by street cars, the same is the one who ought to be muzzled with a good muzzle.

The Man from Owen Sound may be serious in thus pointing to the handwriting on the wall, but his seriousness is of the same kind as that of Don Quixote. The public can well afford to laugh at both.

"Look yonder, friend Sancho Panza, where thou mayest discover somewhat more than thirty monstrous giants, whom I intend to encounter and slay, for it is doing mod good service to remove so wicked a generation from off the face of the earth."

"What giants?" said Sancho.

"Those thou seest yonder with the long arms."

"Look, sir," answered Sancho, "those which appear yonder are not giants, but windmills."

So saying he clapped spurs to his steed, assuring his squaw as he went that they were giants and not sawmills.

The Liberal Convention.

The country is watching with no little interest the outcome of the Liberal convention at Ottawa. We hope the Liberals will surprise themselves and originate a policy that will keep its head above water for a year or two. The Liberal party has in its ranks many smart men—that is, smart in their line. They can talk after the manner of orators. The leader himself is said to be as eloquent as Cicero ever was. They are skilled in denunciation. They can tongue out as dismal a picture of human affairs as Jeremiah ever wailed in his bluest moments. They are full of talk, these Liberals. Give them a fair show and they will run Hansard into the twelfth volume every session. But what our good friends lack is a very essential element—they lack a policy, they lack the sagacity to originate and construct a Policy that will stick. They have been fishing around for one this last decade. They are engaged now in a large fishing expedition at Ottawa. What will they catch? Well, the Grits don't amount to much as anglers. Something is wrong with their bait and tackle. They keep landing the same old fish—stale fish. We hope they will surprise the country at this convention and land some really fine specimens.

Bank of Hamilton.

The statement presented at the twenty-first annual meeting of the shareholders of the Bank of Hamilton shows that the directors were able to pay the regular 8 per cent. dividend out of the profits of the large and remunerative business transacted during the year. The reserve fund amounts to $650,000, which is 52 per cent. of the paid-up capital of $1,250,000. From the statement of liabilities it appears that the saving bank business of this institution has attained large proportions, nearly four million dollars being on deposit at interest—a very tangible expression of public confidence in the management.

Yesterday's Bank Meetings.

Three of our Canadian banks held their annual general meetings of shareholders yesterday, viz., the Canadian Bank of Commerce, the Ontario Bank and the Traders' Bank of Canada. The report presented by the directors of the Bank of Commerce showed that the net profits for the past year were $536,511.93, out of which two half-yearly dividends of 3½ per cent. each were paid, and $100,000 transferred to the rest account, which now stands at the handsome figure of $1,100,000. Both President Cox and General Manager Walker delivered practical addresses, which will be found in another column.

At the Ontario Bank, William P. Howland presiding, the annual exhibit showed the net profits for the year to have been $130,303.51. Two dividends of 3½ per cent. each were paid, and $30,000 added to rest account. The business of the bank during the year has been highly satisfactory and shows substantial gains in every department. The Ontario Bank is largely interested in the lumber trade, which during last year has been very profitable.

The Traders' Bank of Canada made net profits during the year of $56,309.98 and paid a 8 per cent. twice during the year, and placed $20,000 to rest account. The net profits were 9.27 on the paid up capital, or on capital and rest combined over 3½ per cent., not all a bad exhibit.

Only those who have had experience can tell the torture corns cause. Pain with your boots on, pain with them off—pain night and day; but relief is sure to those who use Holloway's Corn Cure.

Sunday Cars.

To have, or not to have them, that is the question, whether 'tis nobler in the heat (and so on).

Before voting either for or against Sunday cars write to George Moffat, 63 Yonge-street, for some facts. Out to-day. Post free for one cent to all Canada.

E. A. Goodman,

280 Yonge-street, Toronto, has the genuine Membray Kidney and Liver Cure in stock, and the price is $1 per bottle. Blood Pills 25c a box. 3

Toronto Stock Exchange.

At the annual general meeting the following officers were elected: President, J. Stark; vice-president, J. W. Beatty; treasurer, A. E. Ames; secretary, C. C. Baines; committee, R. S. Cassels, H. M. Pellatt and H. L. Hime; auditors, F. J. Stewart and J. K. Niven.

Through Wagner Vestibule Buffet Sleeping Car Toronto to New York via West Shore Route.

The West shore through sleeping car leaves Union Station, Toronto, at 4.55 p.m. daily except Sunday, arriving in New York at 10.30 a.m. Returning this car leaves New York at 5 p.m., arriving in Toronto at 10.25 a.m. Sunday leaves Toronto at 12.50 p.m.

One of the greatest blessings to parents is Mother Graves' Worm Exterminator. It effectually expels worms and gives health in a marvelous manner to the little one.

BANK OF COMMERCE.

Annual General Meeting of Shareholders.

The annual meeting of the shareholders of the Canadian Bank of Commerce was held in the banking house yesterday at 12 o'clock. Among those present were: Messrs. George A. Cox, John I. Davidson, W. B. Hamilton, John Hoskin, Q.C., LL.D., Robert Kilgour, Matthew Leggat (Hamilton), James Crathern (Montreal), Robert Stuart (Chicago), Frederick Wyld, Henry Beatty, Edward Martin, Q.C. (Hamilton), Hon. A. M. Ross, Samuel Nordheimer, John Nichol, Thomas Walmsley, John Scott, George Robinson, J. B. Folingsby, Philip Browne, R. H. Temple and others.

On motion, the president, Mr. George A. Cox, was requested to take the chair, and Mr. J. H. Plummer, the assistant general manager, was appointed to act as secretary.

It was moved by Mr. W. B. Hamilton, seconded by Mr. K. Kilgour, that Messrs. Philip Browne and R. H. Temple act as scrutineers. Carried.

The president called upon the secretary to read the annual report of the directors, as follows:

The directors beg to present to the shareholders the twenty-sixth annual report, covering the year ending 31st May, 1893, together with the usual statement of assets and liabilities:

The balance at credit of profit and loss account, brought forward from last year, is	$ 19,549 19
The net profits for the year ending 31st May, after providing for all bad and doubtful debts, amounted to	536,511 93
	$556,061 12
Which has been appropriated as follows:	
Dividends Nos. 51 and 52, at 7 per cent. per annum	$ 420,000 00
Transferred to rest account	100,000 00
Written off bank premises and furniture	12,500 00
Balance carried forward	23,561 12
	$556,061 12

The usual careful revaluation of the entire assets of the bank has been made, and all bad and doubtful debts have been amply provided for.

The various branches, agencies and departments of the bank have been inspected during the year.

Two additional branches have been opened—at Winnipeg and Toronto Junction. Apart from New York and Montreal, our branches, as the shareholders know, have hitherto all been in the Province of Ontario. We have deferred opening in Winnipeg owing to the fluctuating character of the prosperity of the Northwest until the last year or two, but the growing interests of our customers rendered it necessary that we should not longer delay longer. We have secured the services of one of the most experienced bankers in the Northwest, who had formerly been a member of our staff, and, with the business already obtained from outside sources added to that which comes to us through our Ontario connections, we have no doubt of our ability to build up a safe and reasonably profitable business.

Having suffered inconvenience at Ottawa for some years owing to our inability to rent premises suitable for our business, we have during the year purchased the building lately owned by La Banque Nationale.

The board are of opinion that the time has come when the establishment of a superannuation fund for the employes of the bank is desirable. To effect this a modification of bylaw No. 8 is necessary, also a resolution respecting the contribution to be made to the fund by the bank. While submitting these proposal for your final vote, we would ask the shareholders to revise and consolidate the whole of the bylaws, in order that some slight changes required to bring them into accord with the present Bank Act may be made.

The directors have again pleasure in recording their appreciation of the efficiency and zeal with which their respective duties have been performed by the officers of the bank.

GEORGE A. COX,
President.

General Statement, 31st May, 1893.

LIABILITIES.

Notes of the bank in circulation	$ 2,708,167 00
Deposits not bearing interest	2,801,827 97
Deposits bearing interest, including interest accrued to date	15,164,372 21
Balances due to other banks in Canada	6,197 38
Balances due to foreign correspondents	6,253 40
Balances due to agents in Great Britain	801,249 20
Unclaimed dividends	659 67
Dividend No. 52, payable 1st June	210,000 00
Capital paid up	6,000,000 00
Rest	1,100,000 00
Balance of profit and loss account carried forward	23,561 12
	$28,912,387 35

ASSETS.

Specie	$ 431,707 16
Dominion notes	656,362 23
Deposits with Dominion Government for security of note circulation	143,391 90
Notes and cheques on other banks	759,592 67
Balances due by other banks in Canada	93,988 79
Balances due by agents of the bank in United States	2,436,889 79
British and Canadian Government securities, municipal and other stocks and bonds	2,097,190 86
Call loans on stocks and bonds	962,080 35
	$ 7,561,189 75
Time loans on stocks and bonds	892,912 48
Other current loans and discounts	19,382,738 18
Overdue debts (loss fully provided for)	143,227 61
Real estate (other than bank premises)	17,340 27
Mortgages	140,054 13
Bank premises and furniture	204,496 51
Other assets	73,428 42
	$28,912,387 35

B. E. WALKER, General Manager.

The report having been read, the president said:

The statement now submitted for your approval exhibits another year's steady growth represented by assets of $28,912,387.35, as compared with $27,263,545.51, an increase for the year of $1,648,841.84.

The profit and loss account shows a result very similar to that of the previous year, the payments of two half-yearly dividends amounting to $420,000, the addition of $100,000 to the rest, making it now $1,100,000, and $12,500 written off bank premises, a return of nearly 9 per cent. to our shareholders, which I am sure must be regarded by them as quite satisfactory.

We hear around us expressions of disappointment at the profits arising from business and the general state of business affairs; we are apt, however, to forget that while the unfortunate are generally ready enough to complain, the fortunate are not always anxious to reveal their affairs to the public; and I am afraid it is true that our expectation of what fortune should do for us is always pitched too high. In the bank we see the balance sheets of very many different kinds of business and of many different men in the same kind of business; a very trifling minority may have fallen behind in capital during the past year, but we have remarked more than once at the board table that at no time in recent years has the improvement in capital, as known by the surplus in the customers' balance sheets, been so general. It is true that in many cases the gains are not large, but this is healthy and natural, and certainly affords no ground for general complaint. Apart from those who have only done moderately well, we are in a position to know that in many of the most important business industries profits have been made which are not only large, but are as large as the most sanguine could desire, and we think it doubtful if ever before in Canada so many different classes of the manufacturing industries were at the same time so prosperous. This has been largely brought about by consolidation and the economies in capital, cost of manufacture and distribution, which arise therefrom.

When we regard Toronto alone we are aware that some have suffered from the overbuilding and speculation in unimproved real estate in very much the same way as persons who, without experience and without sufficient capital, rush into mercantile or manufacturing life and meet with disaster and loss.

For the period of 10 years, ending with 1891, the population of Toronto, including the addition of three small suburbs, increased from 77,034 to 188,914, or 145 per cent. This remarkable growth means that the business and dwelling-house accommodation had to be increased nearly one and a half times in that brief period to receive over 100,000 additional people. It cannot be a matter of surprise that the increase in the value of land and in the demand for houses, consequent upon this rapid growth in population, should have unduly stimulated speculation, and should have drawn into land transactions many persons inexperienced in that business. We are now passing through a period of liquidation which naturally follows an era of such unprecedented activity; imaginary profits are being abandoned, and many properties are passing into the hands of persons able and anxious to buy them at fair prices. The depression is gradually passing away. We find in the causes of the recent rapid growth the best guarantees of the city's future. It is the metropolis of one of the finest and largest agricultural districts on the continent, and is the second city in Canada, and must share in the general progress of Ontario and of the Dominion. There does not seem to have been at any time an exaggeration of values of well-located central properties, but a steady and warranted increase. This is true, if tested according to the values in other cities of similar size, or according to sales and ground rentals recently made in King and Yonge-streets. The latter attest that the values of choice properties in this city are higher to-day than ever before.

Perhaps one of the most unfortunate results of this over-building is the entirely erroneous impression that has been conveyed to the outside world. Many persons are under the impression that it has been so far-reaching as to seriously affect some of our loan companies. I am not in a position to speak for all our companies, but I imagine the experience of others is very much the same, and, having a seat at the board of three institutions—a life company, a trust company and a loan company—which aggregate business in the city of Toronto amount to over $7,000,000, I am able to say from my own personal knowledge that the aggregate losses of these three companies, extending over the last ten years, have not reached $10,000 during the whole of that time, and I am equally sure that they would not to day pay $50,000 to be indemnified against loss. It is true that the loans of these companies are confined to improved business and residential properties in desirable localities; the lower rate of interest at which money can now be borrowed on choice Toronto properties make these securities worth considerably more at the present time than their face value. I ought, perhaps, to add that I do not make these remarks because of any interest the bank has in real estate transactions, but because I think injustice has been done to Toronto in this connection, which may reflect on some of our financial institutions. As far as the bank is concerned, we have been steadily opposed to such business, and we have succeeded in keeping our books clear of transactions resting on real estate.

Your directors think the time has now come when a superannuation fund should be established, and the interest of the staff and a resolution will be submitted for your approval authorizing the sum of $10,000 a year to be set aside for that purpose. About fifteen years ago a guarantee fund was established, to which each member of the staff contributed a certain percentage of his salary for a certain period of time, and out of this fund all losses for defalcations or errors were paid. The exceedingly small demand upon this fund not only reflects very great credit upon the integrity and efficiency of our staff, but has led to the accumulation of the handsome capital of over $100,000. It is now the desire of the staff that the surplus in this fund should be used in connection with the proposed superannuation fund. The interest earnings from this source, the annual contributions by the bank, and a small percentage of the salary of each member of the staff, will rapidly accumulate a fund that will make a handsome provision for our staff as they become, from old age or otherwise, incapacitated for work. The number of the staff at present is 368, and being in the main young men, we may fairly assume that it will be at least fifteen years before any appreciable demand will be made upon the fund, and by this time it will have assumed handsome proportions.

I will not enter into any further details with regard to this, as my remarks are already too long, but if any shareholder would like further explanations as to this or any other matter we shall be glad to answer any questions.

I now beg to move the adoption of this report, which will be seconded by the vice-president, and before submitting it to the meeting I would ask the general manager to favor us with his usual annual address, which is looked forward to with so much interest.

The Vice-President briefly seconded the resolution, and the General Manager then spoke as follows:

General Manager's Address.

You will have learned from the report of the directors, now before you, that we have experienced our usual prosperity during the past year. During the first half of our banking year the profits were somewhat smaller than usual, owing to the easy condition of the money market referred to in my remarks at the last meeting of shareholders. The last half, however, quite made up for this. I would like again, as I did a year ago, to direct your attention to the fact that while the large capital and moderate proportions of our rest make the rate of dividend upon the former look well when compared with banks, we have, nevertheless, made a larger return on capital and rest combined than the majority of the leading banks, and I think those statements have not yet been published.

Deposits.

Our deposits have now for some years past shown a handsome increase. This year they have practically reached eighteen millions of dollars, or about one million more than a year ago, a growth less great, it is true, than in the two previous years, but quite satisfactory. We have during the past year refused a large amount of deposits because of our unwillingness to pay the rates still being paid by some banks.

State of Trade.

If we consider the condition of business in Canada as a whole, there is not much ground for complaint. In particular lines of business there is doubtless much need of improvement, and in the Northwest matters generally are not as well as we could wish. But, while the steadiness in the annual return from our dealings in Ontario is due to diversity in farming, so in the business world we have at least sufficiently diversified interests to avoid the losses of one or two industries, or the bad crops of one or two localities, affecting the general result. The profits of the wholesale merchants who carry on the distributing trade of the country are not quite what they should be, we are told. This is the more to be regretted because it was hoped that the weeding out of so many unnecessary shopkeepers on the one hand and the slight measure of co-operation as to terms and prices brought about during the past year or so on the other, would ensure a fair return to those engaged in the distribution of goods. Wholesale manufacturers who sell direct, as well as wholesale jobbers, are suffering somewhat from the disappointing payments this spring by merchants and shopkeepers in the Northwest and British Columbia.

The volume of business, however, is doubtless larger than ever before, and, as we have said, complaints regarding profits are far from general. In most lines of manufacture fair profits have been made, and in some very handsome profits indeed. Unfortunately, flour-milling, owing to the steady decline in the price of wheat, is a noteworthy exception.

The wide range of machines and other articles manufactured to aid the farmer in his operations, from the preparation of the ground to the thrashing of his grain, constitute such an important share of our manufactures that we have regarded the extent to which the farmer buys and pays for such goods as a fair evidence of his prosperity. Quoting from sales and collections running into several millions of dollars, we find that in Ontario farmers paid their paper when given to the extent of over 96 per cent. In the Northwest, where the year is admitted to be unfavorable, and where renewals are always required more or less, the payments were under 60 per cent.

Export Trade and Lumber.

It has been the habit to treat with good-natured contempt the prospect of Canada ever having an export trade to any extent in articles of its own manufacture. But however slow the growth may be, it has in certain lines of manufacture quite passed the initial stages, and we are already doing in these goods a great and increasingly important trade in many different countries of the world.

When we turn to what is still our greatest manufactured export, lumber and timber, we have this year in the main a very satisfactory state of affairs to report.

The winter has been favorable in some sections, unfavorable in others, for operations in the woods, and the cost of supplies and labor has been higher; so that, on the whole, the cost of the product will be greater than last year. On the other hand, the advance in price will very much more than offset this. Many of our customers have already contracted for the whole of their summer's output; and, unless financial troubles in the United States interfere very seriously with consumption, a very much larger amount of money than usual will be returned to us for lumber alone.

The cut of sawlogs in the Ottawa District, and the stock held over from last season are about the same as last season, but, owing to the handsome advance in price, the yield in money will be materially larger. Indeed, the output as a whole is said never to have been sold to yield a higher price. The amount of squared white pine timber is about the same as last season, while the waney timber is about doubled. At the moment the market is very dull and the outlook not so bright as for lumber. The market for deals, however, is all that could be desired.

The conditions, both as to lumber and timber, in other districts are not materially different, except that, apart from sawlogs cut in Canada by Michigan firms to be sawn in Michigan, a considerable quantity of sawlogs taken out by Canadian firms have been sold in Michigan, instead of being sawn into lumber in Canada, as heretofore. It is to be hoped that before very long the demand from the east and better railroad facilities will make it more profitable to cut all these logs in Canada, instead of rowing them across Lake Michigan. Perhaps, indeed, the scarcity of white pine lumber may have the effect of removing the duty within the next year or two.

Agricultural Interests.

If we return to the agricultural interests of Ontario, whether the farmers complain or not, we can find little that is not satisfactory.

Every year is a banner year in cheese, because thus far the trade has steadily increased. The figures we quote are for Canada as a whole, but as yet most of the cheese is made in Ontario. The great growth in this industry may be best shown by quoting the money value of the yearly exports at intervals of 10 years, adding the year just past. The cheese year is made to close 31st March:

1860	$ 13,675
1870	674,466
1880	3,893,266
1890	9,372,212
1893	13,687,851

The past year has been favorable to manufacturers and middlemen alike. The average price was slightly less than in the previous year, but the yield was larger, and this more than made up any loss in price. The foreign market for cheese is, as far as we know, almost unlimited, and, with the low price of wheat and the growing uncertainty as to the average price of wheat, even over a series of years, we are glad to notice that every season new districts are being added to produce cheese. The coming year, owing to these facts and the favorable weather for grass, promises a large increase.

The cattle trade grows, and, while it has not yet become for the exporter a business free from abnormal risks, the greater obstacles pretty fair results, and the volume of business steadily increases. For the moment the drovers and shippers hold back until the difficulties attending the scheduling of Canadian cattle in Great Britain are removed. Fortunately, our cattle are free from disease, but it is well to remember with reference to cattle, cheese, apples or any of our prod ucts, manufactured or unmanufactured, that we make our foreign trade with foreigners, because we are a small body of people, and, therefore, we cannot afford to send abroad anything but our best. Wherever Canadian products are known, especially in the United States and Great Britain, they stand for excellence. Let us at all hazards maintain the standard. As an instance of the growth of the cattle trade: at one of our branches in the finest part of Ontario our business with drovers has increased seven-fold in six years by a steady annual growth.

We have lost a large part of our trade in low-grade horses through the McKinley tariff and the conversion to electricity of horse car lines. But our high-grade horses sell as well or better than ever, and certain classes of draught horses are in demand for Great Britain. It is our own fault if we do not, by elevating the standard, maintain and increase this important branch of business.

Each year lately farmers have fattened more hogs, but this last year has demonstrated more clearly than ever that we quite undervalue our capacity in this direction. The supply in the farmers' hands was eagerly purchased at high prices, and the business was profitable to packers, yet the whole trade is a bagatelle as compared with what it might be.

The egg trade is in a peculiar condition. The exports of 1887 to 1890, inclusive, averaged thirteen to fourteen million dozen for each year. The seasons of 1891 and 1892 fell to eight million dozen for each year. A small profit was made during the past season, but the price to the farmer was about two cents per dozen less than before the McKinley tariff. Our eggs go to Great Britain in perfect condition. There is no difficulty in that direction. On the other hand, extraordinary prices have been paid in New York—high enough to enable us to pay the duty and still reap large profits if our eggs had not already gone to another destination. The situation may please the western farmer in the United States, but it is certainly hard on the eastern consumer.

When the McKinley tariff was imposed, we feared the results to the Quebec farmer, in the matter of hay perhaps more than in anything else, but we miscalculated. The export business to Great Britain is already important, and at the moment, although we have had a spring unusually favorable to hay, the demand from Great Britain is very great, prices being as high as £5 per ton, with many enquiries for Ontario hay. Fruit continues to be an important element in the products of the Ontario farmer. The apple crop last year was large, and the farmer was well paid for them, but the shippers again lost money through overshipping to Great Britain. It is to be regretted that, notwithstanding the fact that only apples of the best quality can be exported profitably, many farmers neglect their orchards and allow the fruit to deteriorate in size and quality.

I refer to the grain crops last. The price of wheat was, of course, quite unsatisfactory. The Ontario farmer cannot raise wheat at these prices, but it is quite clear that he does not need to raise much wheat. The farmers of Ontario our managers make pretty much the same report. The farmers have more than offset the low price of grain by the high prices for cheese and hogs. Or, we are told that the farmers, owing to the low prices of wheat, are year after year turning their attention more to dairying, cattle grazing, fattening hogs, or fruit growing. Again we are told that in many counties the farmers are still holding last year's wheat, and in some localities two or three years' crops of wheat. This may be a very foolish thing for a farmer to do, but let us bear in mind that he is financially able to do it. From the same counties we have the information—in fact, there are very few exceptions throughout Ontario—that the deposits in banks are increasing, that farmers' notes for implements are promptly paid, that he does not want to borrow from the banks, and is manifesting the interest and to some extent reducing the principal of his mortgages. Also, that there is no demand for mortgage loans, and that upon mortgages subject to re-payment many good farmers are demanding a reduction in the rate of interest.

The Financial Situation.

The last few months has been a period of unusual anxiety throughout the financial world. Our business interests are now so large that we cannot watch unconcerned the troubles of other countries. Even if Canada had no business connection with these countries, we could not fail to make the troubles of small direct interest to us, we must in these times of rapidly-changing conditions be always on the alert to grasp the lessons to be learned from every panic or financial collapse. We are very apt to think that human nature among civilized nations is pretty much the same everywhere, that motives and conclusions, based upon the same conditions, will not be very different in different countries, and yet every collapse of man's business schemes conveys in its history evidence contrary to this view. We are amazed at the slender basis on which nations, certainly not less intelligent than ourselves, build enormous structures of credit; and when failure enables us to view the inside of these ruined structures, we are astonished at the small capital, but that such structures should have imposed upon the confidence of prudent people. I do not wish to be misunderstood, I have no prejudice regarding our own country. We have in the past made serious mistakes, and while these will probably not be repeated in the future, we may fall into error in new directions. Something, however, in our northern blood seems to keep us from getting altogether out of sound condition. Perhaps the comparative slowness of our progress, and the labor and patience necessary to each step forward, have been of benefit to us, although these are with the majority reasons for complaint. Perhaps, indeed, a nation of grumblers who do not take too roseate a view of their prospects is a safer field for investment by the foreign capitalist than those Eldorados where he hopes to lend his principal *ad efin* and to attain high rates of interest at the same time.

In Italy we have seen almost a complete failure of the entire banking system, the gravest evils being temporarily averted by amalgamating several large banks into one stupendous whole. In Rome a real estate speculation of extraordinary magnitude, to which we have before referred, came to its natural end some time ago, and it now appears as if this real estate building and speculating had been largely aided by the banks, who also assisted equally wild ventures of other kinds. The country which, having almost no manufactured or diversified industries, had little basis for much sound banking, now finds itself overloaded with irredeemable paper money, the security for which is admitted to be unsaleable real estate to a very large extent.

In Australia the collapse has been almost as complete. Offering higher rates of interest than other countries could afford, they attracted both from abroad and from their own people an amount of money to the banks in the shape of short and time deposits, the magnitude of which has always been a matter of extreme surprise to Canadians. It is not astonishing now to learn that it was as freely lent as it was obtained, and that the inducement to lend has often been the high rates paid by the borrower, rather than good and easily liquidated security. This is not the time, however, to make unkind criticisms regarding our Australian cousins. It is rather a time to express our gratification that certain great Australian banks, evidently managed on sound principles, survived the terrible strain. What we wish to direct our attention to is the difference in the nature of the banking of Canada and these countries. To begin with, our deposits are almost entirely from our own people. Therefore, distrust of Canadian banks as a whole must arise from within, which is to the last degree improbable. Again, instead of having large creditors abroad our banks invest part of their reserves in the United States in a shape available for liquidation on short notice. While this is sometimes the cause of complaint by borrowers, who think money might be cheaper if this were kept at home, bankers know that it is our chief source of supply and strength in times when additional money is needed in Canada.

But the main difference in our banking as compared with these countries rests upon the nature of the advances made to the borrowing public. The prudent Canadian banker has long since learned that he may lend to a manufacturer to aid him in bringing his goods to market, but that he must not lend him to build his factory; that he may lend to the flour miller or lumberman to make his flour or lumber, but must not lend money to help him build a mill. Many loans in Canada are, of course, not in this happy shape, but the point is that they are recognized as departures from sound banking and are not accepted as satisfactory business. We argue that as a bank's liabilities are practically on demand or short notice its loans should, as far as possible, represent transactions which in the natural course of things will be liquidated in the current year or season.

There is another comparison which may be made between Canadian and Australian banks, which will illustrate the difference in the character of the discount business very clearly. In both countries the banks issue note circulation and have about the same privileges. In Australia, it is true, gold circulates to some extent, but not enough to interfere with the value of my illustration. Now, calculating roughly, the volume of bank notes in circulation in the two countries will depend on the character of the discounts. If loans are made against fixed property and are renewed over and over again no note circulation will be created, but if loans are made to prepare and move merchandize to the market a certain amount of circulation will arise from each transaction, whether it be in paying for labor, paying farmers for their products or in the many other forms in which actual cash is necessary. Now, with loans and securities in Australia of about $700,000,000, the circulation is only about $33,000,000, the ratio being about 3¾ per cent., while in Canada, with loans and securities at 31st December, 1892, of about $350,000,000 and circulation of about $36,000,000, the ratio is over 14 per cent. There may, of course, be other local reasons why our circulation is larger proportionally than theirs, but in the main the reason assigned is, I think, correct. Australia has few manufactures, but many different kinds of industries, and the basis for real mercantile banking is much smaller than the volume of loans which the banks have attempted to carry.

But I must not be understood as criticising loans on real estate. Under proper conditions there can surely be no safer business. The point is that in Canada we have realized that land banking and mercantile banking are two very different things, and we mercantile bankers, therefore, leave as strictly as possible to the loan companies the business of carrying the fixed property of the country on which money is borrowed. It is their business to be experts in such values, not ours.

We are, however, much more interested in the situation in the United States than in Australia or Italy, and while the national banks, like ourselves, have no power to loan on real estate, it is to be feared that owing to the practice of borrowing money on accommodation paper through brokers, and the practice of borrowers keeping several bank accounts, much paper is held by banks which represents speculations in real estate, in industrial companies, the stocks of which have not been absorbed by investors, and many other transactions which do not come under the head of sound mercantile banking. The great cotton and wheat crops of 1891, exported mainly in 1892, doubtless gave a tremendous impetus to the imports of the latter part of 1892 and the spring of 1893. This was further aggravated by the McKinley tariff, under the operation of which certain changes were deferred until 1893, and large imports are, of course, being made in advance of these changes. The much smaller cotton and smaller cereal crops of 1892, with the decline in prices and the large stocks at home and abroad, have created an enormous gap between exports and imports, which, quite apart from the return of American securities, and the distrust as to the parity of gold and silver being maintained, was a sufficient cause for large exports of gold. The silver situation, however, outweighs all else in importance. During the existence of the Bland Act, that is, from 1878 to 1890, many things helped to avert disaster following the coinage of silver. Gold came into the country from abroad to a very large extent. The revenue from the high tariff enabled the Government to restore the national debt at a pace unheard of in the financial history of the world. This caused the retirement of over $220,000,000 of national bank currency, the bonds on which it was based being called in or sold by the banks because of the high premium. This contraction and the rapid growth of the country easily made a place for silver or silver paper, created at the rate of only $2,000,000 per month. But now the country is required to absorb twice as much, and all the fortunate circumstances which helped to avert disaster under the Bland Act have disappeared. Gold is not coming in, but steadily going abroad. The charges of the Federal Government, what with pension bills, public works, etc., have reached a billion dollars for the present Congress. The tariff and other taxes no longer meet the charges. They have fallen on a bad year of exports, and, failing to act quickly enough in repealing the silver purchase bill, speculation in every direction has collapsed, and worse than this, very many solvent business men are unable to have their natural and moderate wants supplied. Within the last week or so two New York papers have tried to obtain a vote of Congressmen and Senators as to the repeal of the silver bill. If we are to be influenced by their reports, the repeal is nearly certain. Let us hope so. It is humiliating to see a great nation floundering in such a mess, when nothing but the simplest common sense is necessary. Yet it is a matter of votes, and we can have no certainty until the repeal is actually accomplished.

Meantime, we should be thankful that matters move along quietly in Canada, and that, apparently, we are able to do business from every direction. We have had a close money market, sharply following a period of great ease. A collapse in local stock speculation occurred, and was perfectly natural. Those who were hurt blamed the banks, but this is nothing new. It was doubtless, too, that speculation was checked at that time, and not allowed to run a few months longer. Looking around us, while every caution is necessary, we do not see anything in the outlook which is not favorable to Canada. It will be strange if, when the dust has blown away, British investors do not see in our securities and our financial institutions a good reason to invest in this country some of that constantly-increasing income which in the past has flowed so easily to the southern portion of the world.

The motion for the adoption of the report was then put and carried.

Amendment of the Bylaws.

In moving the resolution respecting the bylaws Dr. Hoskin explained fully the alterations and additions thereto, the chief of which were the provisions for the superannuation fund and the increase in the allowance for directors' fees from $10,000 to $12,000. He further said: Before moving the adoption of the bylaws I desire to make an observation in connection with the president's remarks upon the real estate situation of Toronto, a matter very appropriately referred to in view of the fact that whatever affects the interests of Toronto advantageously or otherwise must reflect upon and effect the material interests of our banking institutions. There has no doubt been over-building in Toronto, but this is a condition which is true of other cities and towns on this continent, and even of some in England and elsewhere. Taking a walk through land, for example, there are in many of the suburbs hundreds of shops and rows upon rows of unoccupied dwellings built in advance of the requirements of the people; nevertheless I believe this is the case it were said that London was in a bad way and generally going to the dogs, such a conclusion would be absurdly erroneous. It is equally erroneous when applied to Toronto at the present time. A lot of imaginary wealth has vanished, and fictitious and unhealthy prosperity in some quarters has also vanished, but the material wealth and prosperity were never so great as at present. I, like the president, in support of his views, referred to the experience of building societies and kindred institutions as an index to the financial condition of the city. From my connection with such institutions of this nature I am in a position to testify to the accuracy of his remarks. The company with which I am connected have over $1,500,000 invested in mortgages on city property and in a period of several years has been of benefit to us, although these are with the majority reasons for complaint. Perhaps, indeed, a nation of grumblers who do not take too roseate a view of their prospects is a safer field for investment by the foreign capitalist than those Eldorados where he hopes to lend his principal *ad efin* and to attain high rates of interest at the same time.

In Italy we have seen almost a complete failure of the entire banking system, the gravest evils being temporarily averted by amalgamating several large banks into one stupendous whole. In Rome a real estate speculation of extraordinary magnitude, to which we have before referred, came to its natural end some time ago, and it now appears as if this real estate building and speculating had been largely aided by the banks, who also assisted equally wild ventures of other kinds. The country which, having almost no manufactured or diversified industries, had little basis for much sound banking, now finds itself overloaded with irredeemable paper money, the security for which is admitted to be unsaleable real estate to a very large extent.

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