

ABSTRACT OF BANK RETURNS.

31st December, 1891. [In thousands.]

Description.	Banks in Que- bec.	Banks in On- tario.	Banks in other Prov's.	Total.
	\$	\$	\$	\$
Capital paid up	34,502	17,314	9,483	61,299
Circulation	17,318	12,475	5,841	35,634
Deposits	79,417	60,901	21,246	163,564
Loans, Disc'ts & Investments...	101,223	71,438	31,568	204,229
Cash, Foreign Balances (Net) & Call Loans...	36,322	25,117	5,387	66,826
Legals	5,101	3,408	1,604	10,113
Specie	3,012	1,904	852	5,769
Call Loans...	5,737	8,017	647	14,402

31st January, 1891. [In thousands.]

Description.	Banks in Que- bec.	Banks in On- tario.	Banks in other Prov's.	Total
	\$	\$	\$	\$
Capital paid up..	34,502	17,339	9,505	61,346
Circulation	15,818	11,422	5,465	32,705
Deposits	78,341	60,268	21,300	159,909
Loans Discounts & Investments...	102,054	70,929	30,997	203,980
Cash, Foreign bal- ances (Net) and Call Loans....	32,631	24,065	5,719	62,415
Legals	5,145	3,570	1,690	10,405
Specie	3,096	1,947	807	5,850
Call Loans...	5,716	7,725	1,127	14,568

A COTTON MILLS COMBINE.

Within the past fortnight a statement has been confidently made, in different forms, that a combination of nearly all the cotton mills of Canada is far advanced towards completion. The Dominion Cotton Mills Co., of Montreal, which has been negotiating in this direction for a long time, is represented as the central figure of the combination; and according to some statements it is probable that, within a short time, there are likely to be only two mills that will be free from the control of the nascent monopoly.

The cotton manufacture of Canada has been overdone; too much capital, lured by the prospects of great profits, has gone into it, with the result that not all of it has paid a fair return. There has not been full work for all the mills, and a waste of capital has been the consequence. There have been differences in the management, and as usual in such cases, good management brought profits while bad produced loss. The public inclines to the belief that unless it can be compelled to pay an abnormal price for the product of the mills, the loss of capital must be faced by the owners of some of the mills. The only way to save the owners of mills who exercised bad judgment in going into the manufacture, or who managed the business badly, if we believe this theory, is to create a monopoly such as is now in process of formation. Some economy in working would undoubtedly result from the combination. The mills, scattered over a wide area of country, though they may be brought under a common ownership, cannot be concentrated for operative purposes; each will have to be worked where it is, or left idle. Some of them cannot be worked to advantage and economy would result from their disuse. Combined or isolated, it is folly for the

mills to produce more cotton than can be sold; the only effect of doing so would be to add to the loss. So long as isolation exists, all the mill owners want to get a share of the business; arrangements to lessen the production with a view of keeping it within the limits of supply have been attempted more than once. Some mills can work more economically than others, and the least economical can be brought to a stand most easily under combination. In this way, some saving could be effected. To this advantage the combination would be fairly entitled; and if it went no farther, the general public would not be injuriously affected.

But once a monopoly was established, the prevailing conviction is that the trade and the consumer would alike be at its mercy. It would have the making of the price of cotton to a dangerous extent under its control. The tariff, by checking outside competition, would enable it to do this, once the local competition was removed. It was the local competition which, we were told, as a justification of a protective tariff, would keep down the price. That was the first step. The second is to kill internal competition, in violation of the condition on which protection was granted. It is true that late arrangements had been made which reduced this competition within narrow limits, but they did not form the same guarantee for monopoly that a united ownership would. Some mills remained outside and took their own course. It is not certain indeed that the monopoly which it is proposed to set up will be absolute, in the sense of getting every one of the mills within its grasp. But those that remained outside would be able to supply only an insignificant portion of the total consumption; and the freezing out process, when tried by a great combination of capital, is generally successful. No new mills would be required, and certainly none would be started in face of a monopoly formidable enough to ruin any ordinary competitor.

When combinations of this kind are made abnormal prices are nearly always put on the concerns that have to be bought, or if the process consists merely in valuing the several properties, they are invariably put at figures which they would not realize in the open market. In the case of purchase and sale, the seller knows that the purchaser must consent to give an extravagant price to be able to carry his point; and the monopoly puts its capital at a high figure as a means of being able to say that it is not making more than a reasonable profit. But the public has to provide dividends for whatever watered stock may be created in the progress of combination or amalgamation. The fear is that in the attempt to realize the present combination, the operators would figure to revive or recoup, at the expense of the public, capital that has been practically lost, though the loss may not have been written off, declared, or in any way formally dealt with. The legitimate saving from amalgamation would amount to a fair profit; and if, as some think, the managers would be satisfied with this, no one would have reason to complain. At the same time, the con-

sumer would not feel safe in the hands of a monopoly.

ONTARIO MORTGAGE LOAN SOCIETIES.

Whatever advantages experienced skill and thorough knowledge of the business can give, may be expected to be realized by the management of the Canada Permanent Loan and Savings Company. Its own shareholders and many persons besides look to the report of this company as an index to the mortgage loan market. It is the largest of the Ontario loan companies and perhaps the oldest. We note that its report for the thirty-seventh year states that while 1891 was in some respects a trying year by reason of depression in market value of farm lands and other property, yet mortgagors paid their obligations fairly well, and further, the company's properties in default and undisposed of are smaller in amount than during several previous years.

The total sum lent by this company last year was \$1,612,000, while the receipts of interest and principal were \$2,414,000, which is described as the largest amount ever received in a twelve-month. More money was offered the company than it would take. The amount accepted was \$1,025,972, while the sum of \$807,891 was repaid depositors and debenture holders. The company's total assets now reach the great sum of \$12,091,772. After providing for losses actual or expected, interest on borrowed capital (\$310,546) and cost of management, the net earnings suffice to pay twelve per cent. dividend on the increased capital, to add \$10,000 to the Reserve Fund and \$2,096 to the Contingent Fund. These two funds now amount to \$1,562,000.

In his remarks at the meeting, the president, Mr. J. Herbert Mason, reminded the shareholders that in all the years of the company's existence, there had never been one which failed to yield them twelve per cent. upon the stock. The addition to reserve was this year less than last, not because earning power had diminished, but because more was written off to profit and loss. He further stated that a "lesser amount of property now remains on our hands than for several years past, and these properties are taken in our books at what we considered safe values." The president considers, not without reason, that the future prosperity of the company may be looked forward to with confidence by reason of the more cheering condition of the country resulting from the late abundant harvest.

Compared with the report of a year ago, the progress shown by the Landed Banking and Loan Company of Hamilton is such as must give encouragement to shareholders. It was shown at the fifteenth annual meeting, held a few days ago, that the net profits were \$52,583, an increase of \$6,129 on those for 1890. This enabled the directors to carry a larger sum than heretofore to Rest account, i. e., \$12,000, which makes that fund, with \$3,000 transferred to it from Contingent account, now amount to \$118,000, and leaves a balance of \$1,172 to be carried forward. Reference