

FOR BONDS AFFORDING
UNQUESTIONABLE
 SECURITY

WRITE TO

ÆMILIUS JARVIS & COMPANY,**TORONTO**

Members Toronto Stock Exchange

POST OFFICE BANKS.**Proposals Lead to Much Criticism as to Government Competition.**

The Monetary Times has recently received many inquiries regarding the operation of post office savings banks in Canada. These queries have come from United States Bankers, commercial men and newspapers. This fact makes additionally interesting the open letter which was addressed a short time ago to the Congressional Committee on postal savings banks. The writer was Mr. Andrew J. Frame, president of a Wisconsin Bank, and former president of the Wisconsin State Bankers' Association. Mr. Frame has very few good words for the advocates of postal savings banks for the United States. The principal claims for the proposed law, he says, are that first it will bring from hiding by distrustful people and by foreigners largely, sums of money now hoarded. Second, it will provide a safe place for the small depositor's funds. Mr. Frame replies that distrustful people in every land will hoard money, no matter how good the banks or even the Government may be.

As to Hoarded Money.

The amount of hoarded money is approximately so small in the United States with its 25,000 banks scattered in every hamlet having any surplus cash, that the subject is almost unworthy of notice. The report of Comptroller of the Currency and United States Statistical Abstract for 1907 gives these figures of the world's total bank deposits:—

In the banks of the United States \$13,654,000,000
 In the banks of the rest of the world 19,851,000,000

In Savings Banks.

- 1.—United States, population 86,000,000, not fully reported at \$3,690,000,000
- 2.—Balance world, population 800,000,000, as reported 8,416,000,000
- 3.—Europe, population 427,000,000 (included in item 2) 7,946,000,000

Eliminating item 2, as it includes the unthrifty millions of Asia, Africa, South America, etc., and only compare conditions in the United States with progressive Europe. When the centuries of savings in Europe are compared to the short period of development in the United States; when its population shows but one-fifth that of Europe and yet the reported savings bank deposits there are nearly one-half those of all Europe; when on examination it is found that the advocates of postal savings banks, probably unwittingly, but seriously err in saying the total savings deposits in the United States amount to but 3,690 millions of dollars, because this sum is practically covered in mutual and stock savings banks alone, leaving out the thousands of state and national banks, combining commercial and savings deposits, the aggregate of the latter running into hundreds of millions if not into billions of savings deposits.

Safe Keeping for Deposits.

As to the safe place to deposit the small savings, Mr. Frame asks why the United States Government should enter into a wholesale competition with its own citizens. Is it not a fact that is proved beyond dispute by the statistics, that in

all New England, New York and other old states, where large surplus capital has accumulated, where savings banks have more largely developed and where good laws regulating the business have been enacted, that the losses to savings bank depositors have been comparatively infinitesimal since those good laws have found their way into the statutes? Where do material losses occur?

Bonded Debts of Europe.

The European nations have bonded debts for over \$16,000,000,000. The nation there taking postal savings from its people, at once places the funds into that Government's bonds, thus preventing any political wrangling for the pie. What is proposed here? The United States has a bonded debt of about \$900,000,000. As the bulk of it is now absorbed as security for national bank circulation, its bonds can not be had. From 1880 to 1890 the Government paid off \$1,000,000,000 of its bonded debt, therefore the present debt may be wiped out easily with reasonable economy. The Government must then enter into the banking business, with vast sums as a political football, and with it comes a chance for favoritism.

LOAN CORPORATION STATEMENTS.

This volume, of 350 pages, is the usual yearly compilation made by the Registrar of Loan Corporations for the Government of Ontario. It includes statistics of seventy companies, divided into three categories: Loan Companies, embracing those having only permanent stock and those having withdrawable stock, or both, Loaning Land Companies, and Trust Companies.

The Registrar does not attempt analysis of the figures of groups of companies, nor does he draw inferences from them. He simply totals the capital of the whole seventy companies and Trust companies, their liabilities, permanent and terminating, their deposits, their debentures, their bank debts. Also their assets, whether mortgages of realty, or debts secured otherwise than by land, their bonds securities, cash.

The comparisons and percentages that one might expect to accompany lists of different kinds of companies are not, however, to be found in the book, nor does Dr. Hunter propose to be drawn into any reprobation of an individual company any more than into any approval of one. He submits a blank form—pages 9 to 17—and says: "By comparing with this form the statement actually made by each company and printed within, the fulness and completeness of the company's statement may be tested." That is, the reader of the Report may test it, for the Registrar does not propose to take the trouble. Perhaps he has not the time. Besides, has he not warrant for refraining from guaranteeing a company? A note on page 6 of the Report quotes thus from the Loan Corporations Act (R.S.O. 1897, c. 205) provides as follows:

102.—(1) The Registrar shall not in any initial or renewal certificate of registry, or in any other publication, or otherwise, vouch for the solvency or financial standing of any corporation; nor shall the printing of a corporation's statement in the Registrar's report, operate, or be in any wise construed as a warrant of solvency.