

SPRIT OF THE COMMERCIAL AND INDUSTRIAL PRESS.

BANK MEETINGS

(Monetary Times)

It appears from the last report of the Montreal Bank that its affairs are being still conducted in accordance with the cautious line of policy laid down three years ago. Much progress has been made, but it is recognized that perfection has not been reached and the operations of pruning and of laying by reserve have been steadily carried on. It was natural for some shareholders to have insisted that when about eleven per cent on the capital had been earned during the year, something beyond six per cent should be divided. But on this point the view of the directors is the true one: that it is better to increase the rate to a better proportion than it now bears to capital before venturing to increase the dividend. It is observable that considerable sums have been written off bank premises and furniture account in the last two years. Inasmuch as that account stands at a much lower figure now than in either 1880 or 1879, in spite of the improvement in value in real estate, especially in Montreal, it is evident that too high a value had been placed upon these assets in former years. The productive real estate in the hands of the bank is now reduced to \$157,390 and yields a return of 5 1/2 per cent. The unproductive lands are this year \$284,000 where last year they were \$404,000. The general manager makes the statement that deposits are obtainable nowadays at reasonably profitable rates. And, of course, if discounts were to be reduced it was essential that interest on deposits should be reduced too; but the public were with great difficulty induced to see this. Another point referred to at the meeting deserves emphasis here. It is that high rates of discounts exacted by banks are by no means reliable sources of permanent revenue. A bank really makes its interest only when the note it discounts is paid. If a banker discounts a note of \$1,000 at ten per cent for six months, he presumably makes \$50. But if the maker of the note fails and pays ninety cents in the dollar the banker loses the \$50 made and \$100 besides. And, as the times when interest is highest are the most risky for bankers, they must look forward to a lot of failures and compromises which will inevitably eat into their large profits, as Mr. Hagué puts it, "the supposed profits of bankers, in numbers of instances, turn into the masses of bad debts that have troubled us all for so many years back." The discounts of the year are \$2,000,000 greater and the circulation \$700,000 more than the previous year, while the net profit foot up to \$651,000, as compared with \$344,719 in 1880, and \$512,406 in 1879.

The Ontario Bank's earnings have been less than those of last year, which in turn were slightly less than the year previous. The bank is still weighted with unproductive assets, and although overdue debts, unsecured, are not so great this year as last, those past due for which it holds security are not lessened. Since the panic in the stock a year ago, the efforts of the management seem to have been concentrated upon increasing the proportion of available assets. It was impossible to do this and to use these resources in outside earnings too, thus the earning power suffered. The discounts compared with last year are about \$700,000 greater, and circulation has gone up \$200,000. Deposits, which a year ago were \$2,900,000 in amount, now exceed \$4,000,000, and half of these bear no interest. Having for three years written off little for bad debts, and finding the earnings declining, as we have stated, the management has at last decided to take some radical steps towards valuing the assets. It has been resolved, we understand, that Mr. Holland, the manager at Montreal, shall make a thorough inspection of the branches, preparatory to assuming the general charge of the affairs of the bank. It is premature to state what action will be taken to place the timber limits and other unproductive properties loaned upon in former years in more available shape. But it is not too much to say that such assets will be required to be valued at a price which will at least extinguish the present rest and contingent funds. The current business of the institution in this city, at Winnipeg, and at some other points, is in good shape, and we believe very profitable. So much cannot be said of some of the agencies. The inadequacy of present earnings, good though they may be in proportion to the actual funds employed, to pay dividends upon its large capital, only emphasizes the serious lack upon which the bank is burdened, and calls for some decided action in the direction which the directors contemplate.

The active and extending business of the Federal Bank has reached the point at which it has been deemed well to make a new issue of stock. Accordingly, a resolution giving power to the directors to increase the stock by half a million dollars was passed at the annual meeting on Tuesday last. The earnings of the year were \$30,000 greater than in the preceding twelve months, a million more of discounts having been granted, and the rest has been increased to \$300,000. Such results, in seven years' business, show how great an advantage is possessed by institutions with relatively small capital and large deposits. The board of directors calls attention, not before it is needed, to the

want of legal provision to compel an equitable division of the assets of insolvent debtors and prevent fraudulent preferences, and they consider that it should receive the attention of the Dominion Parliament. Not a few of the wholesale merchants will wish that the paralyzing vision of the collective wisdom of our Ottawa legislators may be so clarified that they can see what aggravation and confusion are wrought by the present state of the law on this point.

The Bank of Hamilton out of earnings somewhat larger than the year before, has added \$20,000 to rest and reduced the rate of dividend to seven per cent. This prudent policy was adopted in view of the extending operations of the bank, it being considered that a greater margin should be retained than in former years. After a long connection with the bank as president, Mr. Donald McInnes has resigned that post, owing to a pressure of engagements outside the city. He continues upon the board of directors, however, at the solicitation of his colleagues. Mr. John Stuart was chosen president and Mr. James Turner vice-president.

THE VALUE OF HOME INDUSTRY

(Hamilton Spectator)

On Wednesday we requested the Times to answer a very simple question, viz.: whether if an article could be manufactured in Canada for a dollar, and a like article imported for a dollar, there was any advantage in having it made at home. The Times declines a direct answer, but enters into a short argument to show that there is no advantage in the home manufacture. The establishment of a new industry, it thinks, is but a diversion of labour from an old industry into another channel; and if the new industry requires protection that is evidence that it is less remunerative than the old, else it would not need protection. It sums up its argument by saying: "Canadians producing \$2.20 worth of wheat add more to the wealth of Canada than one Canadian producing \$1.10 worth of wheat and another Canadian producing \$1 worth of table, at a time when a table can be imported for \$1." The assumption here is that all men can produce wheat; that all men have facilities for producing wheat; and that all men can produce wheat with the same ease that they can produce anything else. The fact is that all men do not know how to produce wheat. There are many skilled mechanics, many business and professional men in Hamilton, doing good service and earning considerable remuneration, who would starve if compelled to labour on a farm. We doubt if the editor of the Times could earn fifty cents a day in wheat culture. People do not come into the world like machines, cast in one mould and fitted to one use. There is infinite diversity of talents and faculties among men, and that is the best state of society which provides the widest diversity and range of employments. The reason for so many of our young men going abroad, mainly to the United States, was not that there was no occupation here, but that there was not the right kind of occupation. More land was available than now, but these young men had no talent or skill for farming; most of them had not the needful means for farming; many of them believed themselves capable of better work than the farm offered, and they expatriated themselves in search of the labour to which they belonged or knew themselves to be suited. Some remained idle at home; and others maintained a precarious existence at work they could ill perform and for which they were ill requited.

Then came the N. P., and now our young men have ceased to go abroad because new industries keep them at home. We affirmed that the whole of the difference between the cost of our sugar in 1878 and in 1880 was saved to the country because that industry gave employment to men formerly idle. The cost of maintaining these men and their families is no greater than before, and more than two millions of dollars is saved to the country annually in the single article of sugar. The same state of things extended to other occupations, until it reached the whole body of the unemployed; and up to that point the entire wealth created by those become busy but formerly idle was the sum of the material benefit so far conferred upon the country. After our idle population had all been employed we began to import workmen. The value of those workmen to the country is the difference between the cost of the article they produce and its selling price. The Times sees no advantage in having a table made at home over the importation of a table, the selling price of each being a dollar; and it objects to putting a duty of five cents on tables lest the home manufacturer should raise his price to a dollar and four cents. In the first place, it is pure assumption to say that the Canadian table maker would raise his price by four cents if the duty were put on. In the case of the very article which started this controversy the price is not raised. We have pointed out that fact a dozen times, and our contemporary has not questioned it. It was raised for a time, but is not now. In the next place, the advantage of making a table at home, instead of importing it, is not the difference between the makers' price and the importer's price. It is the difference between the cost of supporting the maker while producing the table, and the import cost of the foreign table. Let us suppose the maker to spend the whole

dollar on his support. He gets for it rent, fuel, furniture, clothing, food, a holiday, amusement. There is a profit to each person with whom he deals. His value to the country is the difference between the wealth he creates and the wealth he destroys, and we sets is so constituted that on the whole the wealth created is always greater than the wealth consumed. The most careful statisticians of the United States estimate that each immigrant who reaches that country is worth a thousand dollars to the immigrant, on an average, creates that much more wealth than he consumes before he dies. A return made last year to the secretary of State of the State of Indiana showed that each person employed at mechanical pursuits in that State produced manufactured wealth to the value of about \$125 during the year; that is, the manufactured article produced by one man in one year were worth \$125 more than the raw material, wages, interest, rent, wear and tear, cost of management, and all other items entering into the cost of manufactured goods. As the average wage paid was a trifle less than \$100 a year, it follows that the people of Indiana as a whole reaped a profit of 30 per cent, upon all the goods manufactured in the State. It is a surprise to us to be called upon to demonstrate the value of manufacturing industry to a citizen of Hamilton. Just as it is difficult to deal with a man who demands evidence that the sun shines, it is difficult to deal with him who demands evidence that manufacturing industry is of untold value to Canada in general and to Hamilton in particular. For the testimony look around. The hundreds of new houses; the dozens of new manufactories; the thronged shops; the busy people; the crowded market—above all the content and prosperity that everywhere prevail—the plenty that presides at every fireside and blesses every home. The trailing banner of smoke from the factory chimney is the flag that floats in honour of industry's natal day; the whirl and roar of machinery is the thankful hymn of praise to that beneficent policy which has brought work, and well paid work, to the hands waiting to work.

IDLE CAPITAL

(Quebec Budget)

La Minerve, of Montreal calls attention to a very important question in the general interest. We refer to the very large amount of capital, which has accumulated and is actually lying idle in our banks. And as our contemporary remarks, the evil continues to steadily increase, the deposits largely exceeding the amount of the paid up capital and revenue and constituting nearly the half of the general fund of our banks. According to the last report, the state of the Quebec and Ontario Banks was as follows:—
Capital paid up.....\$63,580,360
Notes in circulation..... 24,974,693
Deposits..... 83,830,645
The first of the above sums is the exclusive property of the banks themselves, and the shareholders are alone interested in its management. But the administration of the remainder is a subject of general interest; for the country at large is concerned in the deposits and circulation. It appears by the bank statements to the end of December that more than half of the general fund of the banks is held in reserve by them, or something more than the deposits. It is very much to be desired that a portion at least of this enormous amount of idle capital should find employment to benefit the country. We here touch upon a very great and delicate question—the monetary circulation. Can we believe that the hard times have passed away altogether, while so much money is lying idle, so to say, held captive by fear or the lack of advantageous issues? With prosperity already returned, what would be the state of affairs if all our resources were brought into play. It is true that the banks have only a limited control over deposits and that it is only with difficulty that can touch them. And the proof that they hardly ever do so and that they are always ready to pay them on call is to be found in the largeness of their reserves. In reality, these moneys are private property, only placed there as a measure of safety, and its owners would not allow the banks to risk it in industry where they do not dare to invest it themselves. In the meantime, what might not be done for the good of the country with these vast hoards? It is to be hoped that as industry increases, confidence in industrial investments will revive and our capitalists will more largely place their money in them, instead of locking it up in bank or converting it into bank shares.

FARMS AND MANUFACTURES.

(Halifax Mail.)

Everybody knows how quick the farming interests feel the benefits of a new manufactory or a new manufacturing town or village, that has sprung up in the midst of them, under a protective system. The farms instantly rise in value; some of them in the neighbourhood are turned into gardens, the most profitable species of husbandry; a new and lively market is opened for agricultural products; agricultural labour is in greater demand and better paid; the products command a higher price; and in this way the increase of manufacturing establishments over the face of the country, under the fostering care of the same system, diffuses the same benefits over

the agricultural interests of the whole land. The operation is simple and may be easily explained. In the first place, the market is brought home to the door of agriculture, instead of being remote in a foreign land. Next, the wants supplied and the profits made by the sale of agricultural products, are supplied and made at home and the capital on both sides is in the country, stays here, is used here, and by being turned over and over again, in different hands, to different productive ends, is the cause of a useless and unproductive wealth among old parties, when, as if the same wants had been supplied from abroad this capital would have gone abroad and been lost to the country for ever. Thirdly, it increases the diversity of labour, brings new customers to every vocation and makes each profitable by diminishing relatively the number engaged in it. Fourthly, one of the chief benefits of such a system to Agriculture is that it appropriates to itself thereby what would otherwise be expended in the cost of transportation of its products to a foreign market, by having a home market. The further away the market, the more expense is piled on to the product. If the cost of transportation is 100 per cent, then the products are only worth half as much in the place where they are grown as in the place where they are consumed. Bring the market half way toward the producer, and the cost of transport is only 50 per cent. The producer gets his share of the increased value. By encouraging and protecting domestic manufactures, the market is brought home, and the expense of transport is saved.

CANADIAN BANKS IN CHICAGO

(The Shareholder.)

Considerable stir has been created in banking circles lately by the attempt which is being made by the Internal revenue official at Chicago to collect arrears of taxes which are claimed to be due on the business done by Canadian banks in that city, in excess of their capital and deposits. This unexpected claim on the Canadian agencies there had its origin in the success which attended the efforts of the revenue officials in similar attacks upon some of the home institutions, the International and Corn Exchange Banks having had to hand over no less than \$60,000 in arrears taxes and penalties to the Government. The Canadian banks which have agencies in Chicago, and which are therefore interested in the action of the United States Internal revenue department in the matter, are the Bank of Montreal, Merchants' Bank, Canadian Bank of Commerce and Bank of British North America. These banks, as the Chicago Tribune remarks, "all do a large business with the grain and provision exporters, and are large makers of New York and London Exchange." The agency of the Bank of Montreal in Chicago has a capital of \$100,000 allotted to it, which it returns to the local officials for taxation, both national and municipal. The revenue inspector found in his examination of the books, however, that the volume of business done was greater than the capital and deposits. And upon this excess the officer proceeded to levy the usual tax of 1-24 of 1 per cent per month, on the ground that moneys used in excess of the capital and deposits must be regarded either as a deposit or an addition to the capital, and therefore subject to taxation. The bank authorities resist the claim on the plea that the excess of funds is either part of the bank's legitimate surplus, which is not taxable, or else moneys placed to their credit with the New York Branch, by the head office here in Montreal; and that in the latter case they were merely acting as financial agents for the parent bank. As the matter now stands the banks are preparing monthly returns for some years back, so as to show the real amount of business which has been done in excess of the allotted capital and deposits, and these when completed, will be sent to Washington for consideration. If it is decided that the excess is taxable, full arrears will have to be paid by the bank, which will also probably be mulcted in a penalty of 100 per cent. It is generally believed that if the action of the revenue officials be sustained by the Government the matter will be carried into the courts as a test case for future guidance. The question at issue is a much more delicate one than that involved in the claims upon the International and Corn Exchange Banks, and the amounts of money at stake are much larger. The banks look upon the whole matter with the utmost composure, the Merchants' Bank and Bank of Commerce taking the same stand as the Bank of Montreal, while the Bank of British North America, the claim against it being so slight as \$100, is affected only as to the correctness or fallacy of the principle of taxation involved. The result of the investigation will be looked forward to by bankers in Canada with the greatest interest.

LOBSTER PACKING.

Along the coast of Maine and Massachusetts and in the Provinces lobster packing is at its height. Never before were the lobsters in as fine condition as they are this season, being large in size and full mated. In the current number of Scribner's Monthly is a very interesting illustrated article entitled "The Lobster at Home," from which we condense an account of some matters of interest to every dealer in canned goods. During the winter months the lobster stays in deep water in order to escape the effect

of the and furious pale—that of the nearer the shore. Thirty feet or very fair depth for his winter quarters, while in summer the trap is set for his capture is sunk to a depth of fathoms and sometimes less. The lobster is possessed of an acute sense of smell, it frequently happens that a lobster is disposed to creep the peace of the water in which the lobsters are taken, and four feet long, two feet wide, and two feet high, with a semi-circular door in the circular top, capable of being man to fix the bait and remove the lobsters when caught. The trap is set to the bottom by a ballast of stones, and a billet of wood at the other end of the rope serves as a buoy. The ends of the trap are closed with tarred rope-netting, and in one there is a circular opening of considerable size. The bait used is a cold head, or sometimes a row of canners. The traps are set in desirable locations and visited every morning, contents being secured and put aboard the smack ready to be conveyed to the lobster car. This is a box twelve feet long, eight feet wide, by two and a half deep, and submerged to the water's edge. Here they remain until taken out for removal to market, to be sold fresh, or for disposal to the canneries, which are found all along the coast. A mature lobster should measure, without the claws, from one to two feet long, and weigh complete from two to fifteen pounds, but smaller sizes are so common that a length of ten and a half inches has been a standard for certain calculations. Lobsters grow slow, some five to six years passing before they measure eight or ten inches. For lobster catching on a small scale, two kinds of nets and a hook with a ten foot handle are occasionally used. One is an ordinary dip net lowered by ropes, and with a bait in the bottom when the lobster enters the additional weight is felt and the net raised. The other is a circle of wire playing in equal halves on an axle; a rope is attached to each side and it is lowered like the other, by pulling the ropes the parts shut together, inclosing whatever rests within. The smack having arrived at the wharf discharges its cargo of lobsters, which we take for granted is designed for the canning factory which opens at one end of the wharf, close to the water. The canning operations are described as follows: "Two men bring in the squirming loads on a stretcher and dump the mass into coppers for boiling. At intervals the covers are hoisted by ropes and pulleys, and dense clouds of steam arise, through which we catch vistas of men, women and children at work. Two men approach the coppers with stretchers and scoop nets, and they throw rapid scoops, done to a start, backward over their shoulders. The scarlet hue is seen in all quarters—on the steaming stretcher, in the great heaps on the tables, in scattered individuals on the floor, in a large pile of shells and refuse seen through the open door, and in an ox cart load of the same refuse, farther off, which is being taken away for use as a fertilizer. The boiled lobster is separated, on long tables, into his constituent parts. The most of the many jointed tail is thrust out with a punch. A hand called a 'cracker' frees that of the claws by a coup of deft cuts with a cleaver, and the connecting arms passed on to be picked out with a fork by the girls. In another department, the meat is placed in the cans. The first girl puts in roughly a suitable selection of the several parts. The next weighs it, and adds or subtracts enough to complete the exact amount desired (one or two pounds). The next forces down the contents with a stamp invented especially for the purpose. The next puts in a tin cover with blows of a little hammer. Then a tray is rapidly filled with the cans, and they are carried to the solderers, who seal them tight except for minute openings in the covers, and put them in another tray, which, by means of a pulley tackle, is then plunged in bath cauldrons, in order that the cans may be boiled till the air is expelled from their contents through the minute openings. Then they are sealed up and are boiled again for several hours, when the process of cooking is complete." In the packing room the cans are cleaned with acid, lacquered to keep them from rusting, after which they are labelled and packed in cases containing two or four dozen one pound tins, or two dozen two pound tins, when they are ready to be sent to all parts of the world—American Geog.

The gross receipts of the South Eastern Railway last year were \$300,000 and net \$109,000.

Seventeen persons were killed and five injured by a colliery explosion in Prussia on Saturday.

In the British House of Commons, on Friday, Lord George Hamilton asked the questions relating whether the Government's attention had been directed to the complaints of British Columbia, that the construction of the Pacific Railway had not been commenced on the seaboard etc.; that the railway lands were still locked up; and whether under these circumstances the Colonial Office would urge upon Canada the advisability of following the Caranvoo terms. Mr. Grant Duff, Under Secretary for the Colonies, replied that the attention of the Colonial Office had been called to the complaints of British Columbia. He added that as Mr. John Macdonald and Mr. DeCosmos were both in England, the Government would confer with them and decide whether and what further action was to be taken by the Government of Great Britain in the matter.