MERCHANTS BANK.

Proceedings at the Annual Meeting of Shareholders.

MR. HAGUE'S ADDRESS.

An Interesting Review of the Commercial Situation in Canada Made and Directors Elected.

Montreal, June 18.—The annual general meeting of the Shareholders of the Merchants Bank of Canada was held in the Board Room of that institution yesterday at noon, when there were present Messrs. Andrew Allan, Hector Mackenzie, Jonathan Hodgson, John Cassils, T. M. Dunn (Quebec), Robert Mackay, John Morrison, John Crawford, Senator O'Brien, Captain W. H. Benyon, J. H. R. Molson, John Dunlop, Q.C., F. S. Lyman, Q.C.; T. D. Hood, James Moore, M. S. Foley, C. A. Briggs, Michael Burke, J Y. Gilmour, William Reid, J. S. Murray, James Croll, Alex. McDougall and Murdoch McKenzie.

The proceedings were opened by Mr. Andrew Allan, President, taking the chair and requesting Mr. John Gault to act as Secretary.

Mr. Gault having read the notice convening the meeting, the President submitted the following report of the Directors:

The Annual Report.

The Directors of the Merchants Bank of Canada beg to report to the Stockholders that the result of the year's business has been as follows:

The net profits of the year after payment of interest and charges, and deducting appropriations for bad and doubtful debts, have amounted to		$501,999 51
Balance from last year		57,277 79
		$559,277 30
This has been disposed of as follows:		
Dividend No. 54, at the rate of 8 per cent. per annum	$240,000 00	
Dividend No. 55, at the rate of 8 per cent. per annum	240,000 00	
		$480,000 00
Carried forward to Profit and Loss Account of next year		79,277 30
		$559,277 30

The business of the bank has been well maintained during the year, both deposits and discounts having shown a steady increase in volume.

But the net profits have been much smaller than the average for many years back, owing to lower rates and larger appropriations, both of which are the result, directly or indirectly, of the severe competition now prevailing in business and banking.

Two new offices have been opened during the year, one in the West End of Montreal and the other at St. Jerome.

Your Directors, during this year, have had to deplore the decease of their old and esteemed colleague, Mr. Robert Anderson, for twenty years a Director and for thirteen years Vice-President.

Until the closing years of an unusually prolonged life, Mr. Anderson devoted much time to the affairs of the bank, and by his prudent habits of mind and wise counsels materially aided it in attaining the position it now enjoys.

The Directors, not thinking it desirable to fill the vacancy, have left a new election to the whole body of Stockholders.

The customary inspection of all the offices of the bank has been made, and the Directors have pleasure in testifying to the zeal and faithfulness with which they have been served by the officers of the staff.

All respectfully submited,

(Signed), ANDREW ALLAN, President.

Montreal, 9th June, 1896.

Liabilities and Assets.

LIABILITIES.

			Last Year.
1.—To the Public.			
Notes in circulation		$ 2,315,061	$2,352,654 00
Deposits not bearing interest	$2,091,093 33		2,135,188 49
Deposits bearing interest	8,664,914 01		8,197,446 91
Interest due thereon to date	73,085 95		71,668 29
		$10,829,963 29	
Balances due to Canadian banks keeping deposit accounts with this bank		$ 531,832 78	654,827 40
Balances due to Canadian Banks in daily Exchange		1,679 84	516 87
Balances due to banks and agents in the United States		20,288 87	
		481,219 50	182,107 47
Balances due to agents in Great Britain		240,000 00	240,000 00
Dividend No. 55		1,402 00	2,015 00
Dividends unclaimed			
		$14,421,317 28	$13,795,755 52
2.—To the Stockholders.			
Capital paid up		$ 6,000,000 00	$ 6,000,000 00
Rest		3,000,000 00	3,000,000 00
Surplus profits		79,277 30	57,277 79
		$ 9,079,277 30	
		95,095 00	74,215 00
Contingent account			
		$14,421,317 28	$13,796,755 52

ASSETS.

Gold and silver coin on hand		$ 370,200 22	$ 389,759 28
Dominion notes on hand		842,101 00	897,093 00
Notes and cheques of other Canadian banks		530,904 64	649,901 20
Balances due by other Canadian banks in account and daily exchanges		85,379 97	98,336 92
Balances due by banks and agents in the United States		938,178 32	346,308 06
Dominion Government bonds		403,099 31	1,080,820 15
Railway and Municipal debentures		911,490 25	321,510 85
Call and short loans on Bonds and Stocks			1,125,446 85
Total available assets		$ 4,081,323 71	$ 4,918,176 31
Time loans on bills and stocks	$ 230,353 50		194,528 63
Other loans and discounts (less reserved for rebate)	18,022,604 91		16,643,438 81
Loans and discounts overdue (loss provided for)	210,117 16		142,875 04
		$18,463,075 57	
Deposit with Dominion Government for security of note circulation		159,312 70	159,312 70
Mortgages, bonds and other securities, the property of the bank		281,392 88	263,675 02
		37,745 70	55,162 21
Real estate		556,712 33	536,808 20
Bank premises and furniture		16,126 69	14,211 39
Other assets			
		$23,595,689 58	$22,928,248 31

(Signed), E. GEORGE HAGUE, General Manager.

The President then moved, seconded by Mr. Hector Mackenzie:

That the report of the Directors, as submitted, be and the same is hereby adopted, and ordered to be printed for distribution among the Stockholders.

The President called upon the General Manager, Mr. George Hague, for a few remarks upon the financial outlook.

General Manager's Address.

Mr Hague said:—The statement of the result of the year's business will, no doubt, be disappointing to you; certainly it has been disappointing to ourselves. I have seldom known a winter in which so many untoward events happened.

The first half of this banking year matters looked prosperous enough; profits were fair, losses in sight were moderate; but during the winter a number of failures occurred by which, after realizing all our securities, the loss will be considerable.

Still, after providing for all these losses, the Directors were enabled to pay the usual dividend, and add over $20,000 to our surplus profits.

We expected up to last Christmas to add a much larger sum, for we now have in view, over and above a rest of half the capital, the accumulation of a fund of surplus profits of a few hundred thousand dollars.

Upon this fund the Directors might draw in time of exceptional losses, and thus keep the dividend steady.

I venture to think, and I hope you will agree with me, that this is of great importance to the stability of the bank.

LOSSES.

With regard to the losses, I may say that nearly all of any moment were made in large centres of business.

In eighteen of our thirty-four offices no customers failed during last year, and no losses were made at all, and in five others the losses were of a very trifling character, a gratifying result, which has helped to steady the whole position.

But it must be remembered that a time of mercantile uneasiness has the effect of depreciating the outcome of insolvent estates and properties, causing larger appropriations to be necessary than in better times. Of this we had our full share last year.

BANK'S GENERAL BUSINESS.

But our general business has been well maintained. Deposits are larger, discounts are considerably larger, owing in great measure to the acquisition of a number of desirable new accounts.

We cannot complain of lack of business; in fact, our business is larger than ever. Even had we not opened two new branches, the business of the old ones would have shown a large increase.

You may naturally ask why, with such an increased amount of business, we have made so much less money.

DIMINISHED PROFITS.

The reason is, not only that we have had to write off much more than usual, but that we have made a much smaller amount of ordinary profit.

Competition between banks has come to be as severe as between merchants, with the result that profits have been steadily bearing down for a year or two back. But you may depend upon it that we shall be on the lookout at all times to make the profits as large as we can consistently with doing a safe business, or what the Directors consider safe.

GENERAL STATE OF COUNTRY.

With regard to the state of the country generally, this subject was well opened up at the annual meeting of the Bank of Montreal.

With the remarks there made, I entirely concur.

The real foundation of the prosperity of this, or any other country, is its power to produce and export. In this respect the Dominion, as a whole, has shown constant improvement.

But our point of view, and that of the Government, are entirely distinct. I am not addressing you in Ottawa, but in Montreal, and there is a world of difference between the two. It is undoubtedly true that the volume of trade in the country may be very large—even larger than ever—while, at the same time, numerous failures are taking place, and banks are suffering heavy losses. You may think these two statements inconsistent, but I am speaking of facts as demonstrated by experience.

For example, the volume of our exports of any given article may be very large, and a considerable expansion of business result therefrom; yet the merchants who have exported these goods may have conducted their business imprudently, and made considerable losses, perhaps ruined themselves, bringing thereby loss upon the bank.

This, I can assure you, is not an uncommon occurrence. Similarly, manufacturers in any given year may have done a large business, and made such an output as to stimulate the whole neighborhood round about them, whilst they themselves may have made such losses as to make failure inevitable.

And it must be remembered that on the scale on which Canadian banks do business, a single loss may more than neutralize the profits of fifty active accounts.

But the prime factor in all this matter of bank losses is our

CREDIT SYSTEM.

If you have a bad system of credit, or a good system badly worked; if credit is unwisely given, or if it is too long extended; if a huge superstructure of credit is built on a slender basis of capital, no matter how large your imports and exports and railway traffic, you will have a bad state of things in the realm of credit, and particularly in those vast credit-giving institutions, the banks.

Bankers may well take some blame to themselves in this matter; at the same time, in justice it must be said, that they are sometimes compelled to do what they would rather not do.

Customers of banks, when they give too extended credit, generally want too much credit from their bankers, especially in the way of discounting long paper, and borrowing by way of long advances.

Our own discounts were never so high as they have been this year.

The discounts of the banks, as a whole, were never so high.

We are not in such a period of stagnation as leads money to accumulate in banks, while mercantile borrowers don't want it.

They do want it, and have pressed for it. The fact is, that many people have been leaning too heavily upon their bankers for some time back. They, in turn, have been allowing their customers to lean too heavily upon them.

Finally, the retailer has allowed his customers to run up too heavy accounts in his books; and also has carried too large a stock upon his shelves himself.

The whole system of credit in Canada wants a revision.

Nearly all persons who buy and sell goods on credit are complaining that they have made no profit during the last year or two. In fact, there is a good deal of living upon capital going on.

Business expenses and losses eat up all that is made by selling goods. And let it never be forgotten that the average amount of losses is always aggravated by the length of credit given.

If such a thing could be brought about as a general cutting down of the length of credit one-half, the result would be a cutting down of losses one-half. And the result of that again would be that many a business which now yields no profit at all would return a fair remuneration for the capital invested.

It is seldom that I have referred to our neighbors in the States as furnishing us with good examples of business methods. And in the matter of sound finance and a good banking system we have certainly nothing to learn. But we may with advantage take a leaf from their book in the matter of credit-giving. Such terms as are given in Canada are entirely unknown on the other side of the line. Credit there is much shorter, to the great advantage of both seller and buyer.

U. S. FINANCES.

There is one item in our balance sheet to which I would call your attention. You will notice that at the end of our bank year, that is on 31st May, we had practically no money employed in New York. Of course we had loans out there, partly on call and partly time, but these amounts are offset by others of a contrary character, so that none of the funds drawn from Canada were employed there.

This may not continue, for changes in New York are rapid. But it was the case at that time.

You can easily understand the reason of this.

There has been reference made in another place to a terrible shock in the political sphere, which occurred at a time when all things in the States appeared to be on the way to a recovery of prosperity.

While the country was in a state of agitation—very high rates prevailed, and we might, if we had chosen to risk our money in such a scene of excitement, have made large profits. But we pursued just the opposite course, and withdrew most of our funds from the scene of danger. It is satisfactory that the good sense of the great business and financial community made itself powerfully felt at the time and averted what might have been a national calamity. But matters financially can never be in a settled condition in the States, so long as the country is in danger of being put off its base by legislative action, based on unsound theories.

Even apart from this, the year of a Presidential election is always a year of disturbance.

CONDITION AND PROSPECTS OF TRADE.

It may be expected that something should be said as usual as to the condition and prospects of trade in the country generally.

Nothing strikes me on reading the reports from our branches, so much as this, that there is a wide diversity in the condition of trade in different districts of country.

QUEBEC PROVINCE.

In our own province reports are generally very satisfactory.

I referred to the development of agriculture in the Province of Quebec last year, and all that has transpired since has confirmed me in the belief that its farming interests are undergoing a silent revolution in methods, all tending to a larger production of a better class of articles, realizing larger returns to the farmer, and diffusing a constantly increasing prosperity.

The improved appearance of the villages and towns of our province, the new areas that are opened up to cultivation; the great improvement in our live stock and in our method of dairying must all strike an observer.

But the unsettled condition of affairs in the States is affecting prejudicially our great export of lumber to the American market. Fortunately the other great branches of the trade in our forest products are in a really prosperous condition. The English market is active and strong, and contracts for this year's sales in the United Kingdom have been made by the shipping houses at better prices than for years back, a state of things which has given rise to a feeling of satisfaction and hopefulness, especially in this province and throughout the Ottawa Valley.

There is one development of recent date that is coming into increasing prominence. I refer to the products of our spruce forests. Many of these forests have been neglected on the supposition that they were almost valueless. Now, however, they are becoming valuable for the production of pulp for paper making. "It is estimated that 75,000 cords of spruce pulp wood or about 1,000 canalboat loads will be taken out of Canada this season through the Chambly and Champlain Canals and delivered at Ticonderoga and mills on the Hudson." Perhaps it is a pity that so much immature timber is sacrificed and sent out of the country in this way, but developments may go on in the future of a character we can hardly estimate at present. Experiments are now being made in Europe with a view to the production of a kind of silk from pulp wood, the process being a close imitation of that by which raw silk is produced by the worm. If our forests, besides producing lumber and paper, and numbers of things that are made of paper, can also be utilized to produce silk, we may be independent by-and-bye altogether of the looms of Lyons.

This, however, may only be a fanciful picture. Yet quite as strange things have happened, and any one who has observed the extraordinary developments of electrical engineering during the last decade may well be pardoned if he believes almost anything to be possible in the way of future development.

I need say little or nothing about our own city. You know very well how it is steadily growing, in spite of all drawbacks. Our manufacturing interests, which are now of such large extent, are generally in a prosperous condition. But this can hardly be said of our purely mercantile interests, with the single exception of those who sell goods for cash.

This is a development which has been so satisfactory in its results, both in Montreal and elsewhere, that it is likely to grow. The effects of this system are already very far-reaching, and may in time so extend as to bring about a cure for that abuse of credit which has been spoken of.

ONTARIO.

From Ontario the reports are diverse. Prices of everything produced on the farm are very low, some say decidedly below the cost of production. And in some districts drought last year necessitated the purchase of hay, month after month, at high prices. On the other hand, the price of cattle feed, such as bran, etc., was so low as to mitigate the position greatly.

The farmers of Quebec, of course, benefited by this, but Ontario farmers, who were dependent upon hay, suffered heavily.

However, the districts affected, I think, were mostly those where farmers were well to do, and who could bear an adverse year or two without fatal injury. This, of course, as a rule; there are, no doubt, exceptions.

Whenever this state of things has prevailed, the storekeepers have suffered from inability to collect. They, on the other hand, being unable to pay, the wholesale merchant was affected, or the manufacturer; all finally affecting the banks in an unpleasant recurrence of renewals. But other districts of Ontario have had a fairly good year, and all classes, farmers and merchants alike have benefited.

As to the widely diversified manufacturing interests of Ontario (I have not included flour-milling or saw-milling), they have generally been doing well, some of them exceptionally well, especially those that are not overweighted with unwieldy buildings and plant. But there is a general idea that the prospects of the coming crops are fair.

Fruit is becoming an increasingly valuable crop in Ontario, and the prospect of a large yield, both from vines, peach orchards, and our orchards of apples and other fruits is exceptionally good at present.

The one drawback to all this good promise is the exceptionally low price of everything that can be sold off the farm.

At the same time it should not be forgotten that everything that the farmer has to buy is exceptionally cheap also.

MANITOBA.

as you know, had a magnificent crop of all kinds of cereals last year. Nowhere in the world, probably, did a given number of people produce so large a quantity of food products as Manitoba. For now, it is not only wheat, but oats, flax, barley and cattle, that bulk into prominence, as the products of these Northwestern farmers. But again, the price has been low, necessitating close economy on the farmers' part and an utter avoidance of that wild style of purchasing expensive stock, implements, carriages, etc., which prevailed a few years ago and has brought so much disaster and misery in its train.

The farmers of the Northwest are growing out of all this, and the country generally is getting more and more on a sound financial basis, and offering more and more inducements for population to flow in, and add to the general prosperity.

There have been many dismal failures in Manitoba, nine-tenths of which have been occasioned by folly or idleness; but there have been hundreds and thousands of cases where wisdom and industry have led to prosperity—and what has been, may be again.

Of British Columbia, as well as of our Maritime Provinces, I do not speak particularly, as we have no branches there; and these fields have been opened up in addresses from those who have.

LESSONS OF EXPERIENCE.

One thing, however, I must emphasize, and it is this: That no matter whether trade generally is prosperous, or adverse, the old-fashioned rules that were the result of generations of experience still prevail.

Intelligence, prudence and industry will ensure success; and the reverse will bring failure. In the same line of business, in the same place, and at the same time, some men succeed, while others fail. As one of our country managers well observes: Large profits and lucky speculations are things of the past, but capable men and thrifty can still make money. Now, if one man succeeds, and another fails, under the same circumstances, in the same place, in the same line of business, the fault cannot be attributed to the country.

These things have been said before, and you may think it a waste of time to utter such truisms. But, after all, the main part of our business is with individuals. It is with the success or failure of the individual customer that we are concerned, and the whole secret of our business lies in our power to discriminate between the prudent trader and the imprudent, the industrious and the idle, the foolish and venturesome, and the calculating and economical.

We have had some experience, but in such matters we may go on ever learning.

WAREHOUSE RECEIPTS.

I desire now to refer to a matter which, though you may not think it is one of technicality, is really one of vital importance to yourselves and to the vast body of Stockholders in all the banks in the country.

I refer to advances on warehouse receipts and pledges of goods.

You are probably aware that banks in Canada, under authority of Parliament, have been making such advances for thirty years back, and considering their number and enormous magnitude, the questions raised respecting them have been very few. But a mode of interpreting the Banking Act has come into vogue that tends to defeat the end that Parliament had in view and to work injury both to banks and their customers.

I ask your indulgence, therefore, while I say a word or two about it.

Having been present at every discussion on the subject in Parliament, as well as those which led to Confederation, and taken some part, in conjunction with other bankers, in settling the clauses relating to the matter, I may venture to claim to have a reasonably correct idea as to what Parliament intended to accomplish.

That, I take it, is as follows:

It is a settled principle of banking that all advances, to be sound, must rest on goods, wares and merchandise, and not on real estate.

Getting a bank into such a shape that a considerable portion of its loans rested on real estate has been the ruin of nearly every bank that has failed in Canada, and was almost the sole cause of recent terrible bank catastrophes in Australia and New Zealand.

Our legislators have understood this, and enacted accordingly, that Banks in Canada shall be prohibited from lending on real estate altogether. But they have from an early period been giving, and most wisely increasing, facilities for banks to lend safely on goods and merchandise.

In pursuance of this idea, Parliament, at an early period, directed its attention to the manner in which such advances should be made to persons dealing in, or working up, our natural products. To that particular class of loans, attention was specially directed so as to enable millers and dealers in farming produce to obtain advances on the best security at the lowest rate, so that they could pay the highest cash price to the farmer.

"Cash for wheat," a sign which you may have seen in the earlier settlements, was the sign of a new and better order of things, largely through this legislation.

Now the most natural mode of lending on mercandise is for the lender to take it into his own possession. The business of pawnbrokers is carried on in this manner. In that case banks would have required, as part of their equipment, stores in which goods the product of the country could be deposited, and remain in charge of their own officers. This is the very method which has been followed for years by the Imperial Bank of Germany. This Bank is one of the largest and strongest in the world; and it has 23 warehouses in different parts of the Empire, for the purpose of storing goods on which advances are made.

For various reasons, however, it has not been thought advisable to inaugurate a system of this kind in Canada. The alternative adopted was that products should be deposited in warehouses, wharves, or coves, not belonging to the bank; and the money should be advanced on receipts given for such goods by the person having charge of them.

On this idea is based the whole of that legislation on warehouse receipts, which has been of incalculable advantage to the country, and which Parliament has carefully conserved and improved from time to time, according to the development of trade and commerce for thirty years back—nor to give privileges to the banks, but to grant facilities for dealing in the country's products.

But to secure that the authority to lend on receipts should only be used to provide facilities for "moving the crops" or securing the outcome of our forests; it was at first provided that no receipt should secure an advance unless lodged at the time. But as capital was scarce with men in the trade, the volume to be handled enormous and the crop movement of vital importance, keepers of warehouses were at first authorized to issue receipts for goods to be deposited, as well as for those actually in possession; that is, if they chose to take the risk of it. But keepers of warehouses found it dangerous and the usage soon dropped.

The risk was then shifted to the banker.

Instead of the warehousemen being authorized to give a receipt for goods to be deposited, the bank was authorized to advance on receipts to be deposited, as well as those actually deposited.

But to prevent misunderstanding, it was provided that this should not take effect unless there was an understanding or promise to do so. It was early found necessary, if this object was to be accomplished, to extend the provisions of the Act, and in this way, and for this reason, viz.:

The Act at first contemplated the lodging of goods in a warehouse not belonging to their owner, which could easily be done in cities and centres of commerce. But in country towns there were formerly no such warehouses. Yet those country towns were the most convenient markets in which farmers could sell.

There the miller or the local storekeeper was the man who bought the farmers' products, and it was of importance that they should readily and safely obtain cash to pay for the same.

Following, then the main idea of this legislation, banks were authorized to lend money on goods, wares or merchandise when in the possession of their owner.

This is the most important step in this class of legislation, and it was seen to be necessary to surround it with safeguards. It would be very unsafe to allow a merchant or storekeeper to raise money by pledging imported goods still remaining on his shelves, for the reason that such goods are almost universally—except those purchased with bank credits—bought on credit, and though in the place of warehouse, are probably not paid for.

But it was equally seen that the class of goods mostly contemplated by this legislation such as cereals, farm and forest products of all kinds, were almost invariably bought for or produced for cash.

There was no unpaid vendor in this case, and that is well known to be the case down to the present.

The goods then that could be pledged were grains of all kinds, flour and lumber, and such goods as are usually placed in charge of a warehouseman or on a wharf, or in a yard.

As the productions of the country became more and more diversified it was important to grant facilities for enabling banks to lend money to purchase them.

So, from time to time, the scope of the Act was enlarged. And the intention of the Legislature in these successive enlargements is clearly shown by the title of one of the Acts. It was called: "An Act Granting Additional Facilities in Commercial Transactions," and a very proper title, too.

So when hogs became an important farm product, pork was included; then hides and wool; then, as maltsters and distillers were large purchasers of farm produce, maltsters and distillers were included.

Finally the matter was summed up in general terms of the products of agriculture, the forest, the mine, the sea, lakes and rivers, together with live and dead stock, in addition to which manufacturers were allowed to borrow on pledge of goods of their own manufacturer, or raw material therefor.

Down to the very last revision of the Warehousing Act, the great object was kept in view of affording facilities for obtaining money on goods, wares and merchandise; without which the true value of all our products would never be obtained, and all the wheels of commerce and industry would stand still.

The men who sat on the various Parliamentary Committees on this subject were nearly all men who had a practical acquaintance with the needs of the country. They knew the vital importance of affording banking facilities to the dealers in the country's products, and from time to time, as the Act was reconsidered, they kept this object steadily in view.

Yet they showed their wisdom in the safeguards with which they surrounded the business, and particularly with regard to the rights of an unpaid vendor.

And to show how equitably the matter is worked, though the transactions of this kind have amounted to millions every year, and to hundreds of millions in all, the claims that have been made by unpaid vendors have amounted to an infinitesimal fraction.

But now a mode of looking at this class of business has arisen which will, if carried on, go largely to defeat the object intended by the Legislature.

This is founded on what I must consider to be an extraordinary misconception.

It has been asserted in various quarters that the general principle of bank legislation is that banks shall not make advances on goods, wares and merchandise, and that the cases in which it can be done must be taken as exceptions to a general rule.

This idea is not only contrary to the fundamental rules of all banking, but to the spirit and intention of all the foregoing legislation.

To legislate that banks shall not make advances on goods, wares and merchandise as a general rule, would be equivalent to legislating that a sawmiller shall not manufacture deals as a rule, or that a dry goods merchant shall not as a rule sell cotton, or that a farmer as a rule shall not grow wheat.

The very essence of the business of a banker is to advance on goods, wares and merchandise, either in the shape of discounting bills representing goods sold, or making loans to enable goods to be produced or held.

And the whole object of the Warehouse Receipt legislation is to enable such advances to be got at the cheapest rate by basing them on actual merchandise.

The restrictive clause of the Act is, that advances on goods shall not be made except as provided by the Act. But the Act itself opens the door to a wide enough range of transactions, and the limitation plainly means that banks shall not lend on goods as a pawnbroker does, or keep warehouses to store them in as the Bank of Germany does, and also that a storekeeper or dry goods merchant, who buys goods on credit, shall not have the power of pledging them for bank advances.

It is true that the Act gives the lender of money, when he advances on goods, a right to them even over an unpaid vendor—a very strong provision, and showing how strong was the desire of Parliament to facilitate loans on merchandise.

But it is safeguarded by restricting the operations of the Act to cases in which, as a rule, there is no unpaid vendor.

Any other limitation, I venture to think, should always be interpreted reasonably and liberally, and with due regard to the great object intended to be accomplished by the Legislature, and to the vast importance of such advances to the country at large in its increasing development.

An Act of Parliament, as we know, may be variously interpreted, in fact it is impossible to frame clauses that are not susceptible of divers interpretations.

If such interpretations are of a nature to hamper and embarrass banks in assisting merchants to handle the products of the country, they cannot be for the good of the community, but very much to its detriment.

Banks are rendering far too important services to trade and commerce to be treated as if their operations were disadvantageous to the community, and they have surely a right to expect such an interpretation of the Act as is in accordance with its intention and object.

Pardon the length of this address. It has, I assure you, been wholly occupied with matters of practical importance. We can only hope that we may have a more favorable statement to present next year.

But there are a good many causes of disturbance about, and failures are still numerous. The more moderate, therefore, our expectations are, the less likely we are to be disappointed.

The Discussion.

The President, having invited remarks from the shareholders, Mr. John Morrison spoke on the Banking Act, and was followed by Mr. T. D. Hood, who suggested that a confidential clerk should very carefully examine the bonded receipts given for goods in a bonded warehouse before money was advanced upon them by the bank. In this way the bank would be safe from losses in that direction.

The General Manager—Wherever it is possible—it is not possible in many cases—the bank pursues that course.

Mr. John Crawford, in commenting upon the report, touched upon the responsibilities of Directors in general, and considered that want of success on the part of the banks throughout the country was more or less attributable to the want of interest being taken by the individual directors. The shareholders were very much in the dark with respect to the gross receipts and expenditure; but if the system adopted in England were practised here, such would not be the case. In alluding to the opening of a branch in the West-end of the city during the year, he said it seemed to him that banks had an itching to increase their number of agencies. He was opposed to an indefinite extension of branches, as it was impossible for any General Manager to thoroughly inspect them and keep them in proper condition. He had observed that some large institutions were advertising a portion of their branch properties to rent. This, it seemed to him, showed that they realized the necessity of economizing, and he suggested that such a course might be adopted with the bank's West-end branch. He referred to the death of Mr. Robert Anderson, formerly Vice-President of the bank, and said that every Shareholder would be thoroughly in accord with the tribute of praise that had been paid the deceased in the Directors' report. He mentioned that he had heard Mr. Robert Mackay was to be recommended by the directors to fill the vacancy on the board caused by Mr. Anderson's death, and said that he was glad that a man of such shrewdness and ability had been selected.

The General Manager, in reply, said: The Directors of this bank meet twice a week, and give a great deal of time to the business of the institution. On the table is laid a full statement of the business of every branch, as well as reports from each branch on the state of business in that part of the country, the condition of the crops, how things are going generally, and whether anybody is likely to fail. These reports are carefully considered before being pigeon-holed. And now a word as to the giving of the gross receipts and expenditure; there is no real rule on the subject at all in England. Some banks have one custom and some another. I was brought up in an English bank, where the Directors met once a week, and I am certain that they did not pay half the attention to the business of the institution that the Directors of this bank do, and it has been a success to-day, one of the most prosperous banks in England.

Mr. Crawford—They are all prosperous.

The General Manager—Oh, no, they are not all prosperous; I know many banks in Scotland make bigger losses than any bank in Canada! Again, as to expenditure, it is kept down to the lowest possible limit consistent with good working. It is kept down to a point that is very much below what the banks in England have to-day. The expenditure is far below 50 per cent. of the profits. As to the new branches, We constantly have applications for new branches, and find that during the last four or five years we have received a couple of dozens of applications to open new branches, which we have refused. During last year we opened two new branches in Western Ontario in order to protect the business we had there, which was very good. This was not done with any desire to extend business, but simply to conserve it. With regard to the Westend branch, in this city, we were strongly pressed to open it by a number of people who had done business with the Banque du Peuple, and, almost against our will, we said that we would try. We commenced, apparently we are going to do a good business. We opened a branch at St. Jerome, a thriving little place, after some pressure, and I think we are likely to do a nice little business there. This bank has refrained from opening branches rather than the contrary. Formerly we had 42 branches, but for a number of years we only held 31 or 32; now we have 34.

Mr. John Crawford—You have reduced the number of branches.

The General Manager—There were 42, and now there are 34.

Mr. John Crawford thought that the Bankers' Association might so mutually arrange matters as to avoid half a dozen branch banks being located in a town that only had enough business for one. He thought that there might be a more equitable distribution. He was of opinion that five or six agencies rushing into one little place must eventually result in ruin to all.

The General Manager—The Bankers' Association has thought of this, and has discussed it, but where many diverse interests have to be considered, and a number of people have to act together, it is sometimes impossible to do what is desirable.

The motion for the adoption of the report was then carried unanimously.

Votes of Thanks.

It was moved by Mr. John Crawford, seconded by Mr. Robert Mackay:

"That the thanks of the Stockholders are due, and are hereby tendered, to the President, Vice-President and Directors for the manner in which they have conducted the institution during the past year, and to the General Manager for his efficient management during the year."

In making the motion, Mr. Crawford expressed the satisfaction that it afforded him to propose such a resolution, and said that, though there had been a diminution in the profits, it was no reason why the Shareholders should withhold the thanks that were certainly due to the management.

This was concurred in, after which Mr. J. H. R. Molsen moved, seconded by Mr. T. D. Hood:

"That Messrs. Michael Burke and F. S. Lyman be appointed Scrutineers of the election of Directors, about to take place; that they proceed to take the votes immediately; that the ballot shall close at 3 o'clock p.m., but, if an interval of ten minutes elapse without a vote being tendered, the ballot shall thereupon be closed immediately."

The President mentioned that the Directors had had under consideration the advisableness of changing the date of the annual meeting, and he moved, seconded by Mr. Jonathan Hodgson, to the effect that the bylaw be amended so as to provide that the annual meeting of the Shareholders of the bank shall be held, in future, on the second Wednesday in June, in each year, instead of the third Wednesday.

The motion was agreed to unanimously, after which Senator O'Brien moved, seconded by Mr. F. S. Lyman:

"That the thanks of the meeting are due and are hereby tendered to the Chairman for his efficient conduct of the business of the meeting."

The motion was carried with cheers, and shortly afterwards the Scrutineers reported that the following gentlemen had been duly elected as Directors:

ANDREW ALLAN,
HECTOR MACKENZIE,
JONATHAN HODGSON,
JOHN CASSILS,
H. MONTAGU ALLAN,
JAMES P. DAWES,
T. H. DUNN,
SIR JOSEPH HICKSON,
ROBERT MACKAY,

The meeting then adjourned.

The new Board of Directors met in the afternoon, when Mr. Andrew Allan was re-elected President and Mr. Hector Mackenzie was re-elected Vice-President.

A RELIC OF MERCIER.

Mr. J. Israel Tarte's Letter to Mr. Carrier Now Quoted for the Liberal Leaders in General.

Montreal, June 19.—(Special.)—The following letter is respectfully dedicated to the leaders of the Reform party in general, and Sir Oliver Mowat in particular:

Quebec, Dec. 2.

My Dear Carrier,—You gave me today two notes of $250 each. If the city council does not adopt within the next fortnight a proposition authorizing the conversion of the Quebec city debt, which we are now working together, I will immediately return you $400.

Yours truly, J. ISRAEL TARTE.

It should be explained that Mr. Carrier was the local member for Gaspe during the Mercier regime.

Your correspondent has seen the original of this letter.

GUMMER AS HIGH CHIEF.

The Officers Elected by the Canadian Foresters at Montreal.

Montreal, June 19.—The Grand Lodge of the Canadian Order of Foresters was in session to-night until after midnight on the election of officers, over which there was great excitement. The following was the result: High chief ranger, C. R. Gummer, Guelph; high vice chief ranger, W. J. Cameron, Toronto; high secretary, Thomas White, Brantford; high treasurer, John Neelands, Wingham; chairman of medical board, Dr. Stanley, Brantford; associate on medical board, Dr. Young, Ridgetown; high register, D. R. Kennedy, Montreal; high chaplain, Rev. W. T. McTavish; high auditor, Thos. W. Gibson, Toronto; executive committee, P. H. R. Elliott, F. J. Jameson, W. J. Malley, R. Dowling and W. Renshaw.

A QUARREL ENDS IN MURDER.

James Ritchie, of Rogersville, N.B., Killed with a Peevie.

Campbellton, N.B., June 19.—A quarrel took place at Doherty's Mill here yesterday afternoon between a man namd James Ritchie of Rogersville, N.B., and a Frenchman named Prevost. Ritchie had Prevost down and was choking him, when Prevost's brother struck Ritchie on the back of the head with a peevie, knocking him senseless, resulting in Ritchie's death this afternoon about 4 o'clock. Both Prevosts are under arrest. Ritchie leaves a wife and family.

The I.O.G.T.

Election of officers was the chief business at the second day's session of the Grand Lodge, I.O.G.T. Grand Chief Brockenshire of Wingham was re-elected, and James Armstrong of Toronto was chosen Grand Councillor. There was some debate as to the per capita tax, which was finally left as at present. The delegates selected Toronto as the next place of meeting. The election of officers being continued at the later session, the following were chosen: G.V.T., Sister Bella Ross, Renfrew; G.S.J.T., Bro. Rev. W. H. Madill, Watford; G.S., F. S. Spence, Toronto; G.T., W. R. Keyes, Paisley; Bros. F. Roger, Ottawa, and G. Spence, Toronto, were elected as delegates to the International Supreme Lodge. G. Chap., Bro. Robert Sun, Toronto; G.M., Bro. Birdwhistle, Ottawa; G.D., Sister Crisp, Jonesboro; G.G., Bro. C. M. Lake, Inglewood; G. Sent., Bro. Might, Peterboro; G. Mes., Bro. Post, Petersburg.

The Grand Lodge then adjourned, to meet on the third Wednesday of June, 1897.

Scorch the Scorchers.

Editor World: Allow me to make a proposition how to deal with those hare-brained creatures who indulge in that most dangerous and pernicious habit of scorching. At first glance, perhaps, it may appear a trifle drastic, but the fact of the matter is that the lot of the poor pedestrian is becoming an alarming and serious affair, and the duration of life on this terrestrial sphere cannot even be guessed at. Now a person carrying a loaded revolver with him (that is, without a special permit), is looked upon as a danger to the community, and upon discovery is liable to be arrested, fined and the revolver impounded. Well, why should not the scorching bicyclist be treated in a similar manner? This fiend with the bike exhibits his instrument of death in the most reckless way, swoops down upon one like a thief in the night and, after knocking down and running over his victim, flies off unmolested in search of more prey to be likewise slaughtered. He is 100 per cent. worse than the man with the gun, who may carry it about with him for years without doing any damage and no one being the wiser. Look at the other fellow! The bike is the weapon, the inflated tire is the charge and the scorching is the thing going off. For a first offence he should be arrested, fined and have his tires punctured, and be sentenced to ride with them thus until he had acquired sufficient control over his weak mind to be able to ride at a respectable gait on the public streets. For a second offence he should be arrested, fined and his wheel confiscated. Then, for a third, should he still persist (by getting another wheel), he ought to be treated as a lunatic, and, as all lunatics are confined, let him be immediately apprehended and locked up in a dungeon cell, thus assuring the safety of the general public from the caprices of a madman at large. SCORCHED.

Silver Wedding.

One of the pleasantest social gatherings of the season was the celebration of the silver wedding of Mr. and Mrs. L. M. Cather, Dunn and Springhurst-avenues. The ceremony was performed by the Rev. E. E. Scott, Rev. J. Rennie of Manitowaning also being present. Mr. and Mrs. Cather received many very handsome gifts, some of which were from Montreal, Mount Forest, St. Mary's, showing the esteem in which they were both held by their many friends. The house was filled with guests, some of whom came from Woodstock, Belleville and Alisa Craig. Many were the congratulations, and all joined in wishing that the happy couple might be spared to see their golden wedding.

An Aged Priest Dead.

Halifax, N.S., June 19.—Very Rev. Monseigneur Carmody, Vicar-General of this diocese, died to-night after a long illness. He was 74 years of age, and had been a Catholic clergy man over fifty years, having celebrated his jubilee last year.

How to Mark Your Ballot in East Toronto

COATSWORTH
Emerson Coatsworth, jr., of the City of Toronto, Barrister-at-Law.

ROBERTSON
John Ross Robertson, of the City of Toronto, Publisher.

X

A MOTHER'S

SHE TELLS WHAT F
FOR HER

Suffered from St. Vitus
Use of Her Right Sid
the Power of Speec
Weeks.

Of all the discover
c