

experience has proved it incapable of doing, such as the prevention of overtrading, inflation and their consequences in panics and revolutions. These have been as rampant and violent in England since the Act was passed as they were before. But it has done one thing beyond question. It has secured that gold should always be forthcoming whenever Bank of England notes were presented for redemption.

If the leading lines of Banking legislation in England were followed here, any new banks chartered would be prohibited from issuing notes. Existing Banks would be authorized to issue henceforth to the average of their issues of three preceding years. As the system of Scotland or Ireland is undoubtedly more applicable to Canada than that of England, they would further be allowed to issue, as need might require, on gold specifically held for the purpose. The adoption of this method would check the establishment of unsound banks, would give every needful facility for future business, would prevent any curtailment of the supply of mercantile funds, and provide for regular expansion and contraction. As to security, the Bank currency of Canada is as secure as it can be already.

Applying the same principle to the notes of our Government, I may remark that I am not now, and never have been, in favor of the Government of this or any other country issuing circulating notes. There are grave and weighty reasons against it, which reasons I have stated at the proper time and place, and am ready to do so again if called on.

The theory of our Dominion notes, however, is not a practical question at present. But events during this year have shown the propriety of strengthening the gold reserve for such notes. As these notes are a legal tender, in which all Banks can pay their depositors, and as the Banks are compelled by law to hold a certain percentage of such notes, instead of gold (which some of them would much prefer), I submit that it is a matter of the greatest importance that the gold basis of our government issues shall be so wide that the redemption or payment of gold for legal tender notes can be carried on with the same facility as the issue department of the Bank of England. There would be more likelihood of this being the case if the foundation on which the Act was originally based, under Sir Francis Hincks as Finance Minister, had been adhered to. I may be allowed to express the hope that this matter may receive the attention of our Government at no distant opportunity. There is no reason why a change should not be made during the next session of Parliament. Meantime it would be desirable for the Treasury to increase its holdings of gold.

With regard to the general trade of the country nothing needs to be added to the very judicious remarks lately made by the President of the Bank of Montreal. It is a time for quiet caution, both on the part of bankers and traders. We have had a narrow escape, in my judgment, from a general break-down. But we have escaped, for which let us be thankful, and show our thankfulness by being prudent in future.

In Manitoba the force of the financial collapse has probably spent itself. There is a marked diminution in the number of failures. Values of real estate, both in town and country, are settling down to a rational basis. It is contended by some that properties are still held too high; this, however, must gradually adjust itself. With a large area of land under cultivation, there must be a solid foundation for considerable business in the Northwest. But time must elapse before the cities and towns can be said to be generally prosperous. Meantime patience must be exercised. Large numbers of insolvent estates have still to be wound up, but with time and prudence matters will come round in Manitoba as they did in Ontario after the land panic of 1857. We know what Ontario is to-day. There is no reason why Manitoba and the Northwest generally may not be equally prosperous by and by. But prudence, I repeat, must be exercised.

In this connection, let me say, it is with

pleasure that bankers note the general uprising in Manitoba itself against unjust and unwise legislation with regard to exemptions. A retroactive measure like that recently passed is most unjust to the people of the other Provinces, and it is to be hoped that the numerous petitions against it may have due weight at Ottawa and bring about its disallowance.

The interests of the Merchants' Bank in that province, as you are aware, are considerable, and notwithstanding that we vigorously shook off, at the very outset, all transactions connected with the 'boom' in property, we have found that the reflex influence of the real estate collapse has been far-reaching. Our losses have been heavy enough, but they are almost wholly losses by mercantile customers, and not by speculators, and they have not been excessive when we consider the extent of our business.

Let me take the liberty of saying one word in conclusion about another matter. Gentlemen who attend Bank meetings occasionally take the opportunity of ventilating some pet theory on the subject. To this there can be no objection; but it should be borne in mind that Banking is a very difficult business, not easy to learn in theory, and requiring uncommon care to carry out successfully in practice. Its principles have been settled now by the experience of many countries and several generations. It is not a very safe subject, therefore, for theorizing or experimenting about. But if stockholders have any theories or views it can do no great harm for their fellow-stockholders to listen to them.

With regard, however, to matters of fact, it is reasonable to require that persons who aspire to address annual meetings of Banks should be accurate. There is reason for making this remark. A gentleman from a distance recently addressing a Bank meeting in this city spoke of certain Banks as having been 'wrecked' by bad management. He instanced several to whom the word 'wrecked' was perfectly applicable. But he included in the list two Banks to whom it was entirely inapplicable. This Bank was one of the number.

Your presence to-day at an annual meeting, which is one of an unbroken series for sixteen years, demonstrates that that assertion was false. The other instance was that of a respectable institution of former days in Upper Canada, the Gore Bank. This Bank was never wrecked at all. It brought its business to an honorable close, and made arrangements by which not only its depositors and note-holders were paid in full, but by which the stockholders received nearly, if not quite, full value for their stock.

I take notice of these gross inaccuracies because many remarks made at Bank meetings are printed and published. Erroneous statements are thus scattered far and wide, sometimes to the detriment of existing institutions.

Mr. John Curran moved, and Mr. Morrison seconded, as amendment to the president's motion, "That the report be amended by including details of losses in the annual report."

The amendment was put to the meeting and the president declared it lost.

Mr. John Crawford said—I would like to say a few words before you adopt this motion, if it were only out of respect to the President and Directors, and to the General Manager for the very able and exhaustive report, which seems to have emanated from him. I am very much in sympathy with many of the statements in that report, and I think the suggestions contained therein commend themselves to the careful attention of the shareholders and of the public generally. It was mentioned at the recent meeting of the Bank of Montreal that there would probably great benefit accrue from the discussion on the suggestion of introducing the American banking system in lieu of our own. I think those expectations have been fully realized after I have listened to the very able remarks of our General Manager on this question. Great good must eventually arise from this free discussion, where the weak points as well as the strong

points of the banking system will be developed and all will tend to judicious and wise conclusions in the end. Of course it is a difficult subject to dogmatize upon, as to whether our system has worked so badly that we should of necessity introduce a new one, and that one the American system. My own impression is that the losses sustained by the public generally and the results of insolvencies have not been such as to warrant a change. I think you will agree with me that frequent changes in the system of Banking are very undesirable, unless strong reasons exist, and these reasons do not exist in the loss sustained by the public under the present system. I do not see why the public might not be protected against any possible losses by wise legislation, less cumbersome than that proposed—I mean the American system. I think if it were necessary that even the clauses making the assets of the Bank a first charge might be even made more stringent than they are. (Several voices—"How?") The General Manager thinks they are as strong as they could be made, but I would join issue, and think they might be made stronger. At all events I am very glad that the attention of the General Manager, as well as of the Directors and President of the Bank of Montreal, has been drawn to excessive competition. The drawbacks inseparably connected with excessive competition can scarcely be over-estimated. If we are to believe the journals—and they never say anything but what is true—on the shipping interest, I believe the Allans have lost some thousands of pounds on each trip. Carrying out that to its logical conclusion what will our shipping service be in a few years more if this be continued.

The President—Get off the toils and some other things and we will be better. (Hear, hear.)

Mr. Crawford.—I have a little experience myself of this excessive competition in the cotton industry. Several years ago I subscribed—not a large amount indeed—to this business. The mill was constructed, and it was a model one. The Directors were the *crème de la crème* of the commercial community. They were prominent for their exceptionally able and sound judgment, level heads, and so forth, but would you believe, Mr. President, that up to this day I have not received a single cent in the way of dividend, I do not however, charge them with mismanagement. They have been extremely economical in the management of the institution. For instance, there have been eight or nine or ten meetings, and they have not spent one dollar for the purpose of advertising that or advising the shareholders of it. We may look forward in the end to have something out of the cotton industry. The point of my remarks is concerning excessive competition. The numerous failures, the lower dividends, the low quotations of bank stocks in a great measure discourage over competition. Now, sir, is not this a matter of capitalists to well consider, because they are the ones who supply the sinews of war. I would ask them have they counted the cost to the country of this. Have they reflected upon the many billions of money that have been ruthlessly dissipated by this excessive competition. Those are very grave conclusions. I wished, in the absence of some one else, to make a few remarks on the report before it was adopted. I may say, as I am on the floor, Mr. President, and before I, in the words of Crawford, give place to honest men, I desire to record my belief that the country is safe. There is abundance to-day and plenty to spare. My only apprehension is, the only thing I tremble for is the people who inhabit the country. They seem to grow restless, unless they can realize fortune, at a hop, step and jump, and "whopping" fortunes too. And no one knows this better than our General Manager. Is this to go on for ever? Mr. President and gentlemen, it is in your hands to decide whether it shall or not.

The report was then put by the chairman and adopted.

Mr. JOHN CRAWFORD moved:

That the thanks of the stockholders are due