

CITY BANK—ANNUAL MEETING.

The Annual Meeting of this Institution took place at the Banking House in Place d'Armes, on Monday, the 7th instant.

The President of the Bank, Wm. Workman, Esq., took the chair, and William McDougall and Henry Mulholland, Esquires, were appointed joint Secretaries and Secretaries to the meeting, and half-past one o'clock was named as the hour at which the voting for Directors for the coming year would close.

The President, on taking the chair, proceeded to explain the statements laid before the meeting in detail, and commented on the report of the Board, explaining the reasons for making reference in the Report to three important subjects, namely, the Bankrupt Law, the question of Interest, and the project now before the Dominion Parliament, commonly called the "Banking and Currency question." He then proceeded to read the following

REPORT.

The Board of Directors have much pleasure in submitting for your inspection the proper statements of the affairs of the institution for the year just closed.

It is a subject of satisfaction to be able to state that, notwithstanding the gloom which, to some extent, during the past year, overshadowed the commercial horizon, the business of the Bank has been safely conducted and fairly remunerative.

The heavy imports of last year, in the face of a comparatively light crop, consequent upon the intense heat of the summer, but which the trade of the country with an amount of goods quite disproportionate to any wholesome demand on the part of buyers in this position holders of stocks were induced to press sales upon reluctant buyers, at light profits, rather than carry goods into another year, under a heavy interest account. These results have had a marked effect upon the money market, remittances were not made with the same freedom or punctuality as in former years, and renewals and extensions of country paper greatly increased the demand for banking accommodation.

Our city merchants have had added to these trials much greater ones, in the frequent failures and stoppages of their customers, tempted, it is to be feared, in too many instances, by the facile mode of getting away from their liabilities under the operation of the bankrupt law.

Notwithstanding all these matters, few of the customers of the Bank have suffered seriously, and our losses on the year's business have been comparatively trifling.

The balance at the credit of the Reserve Fund last year was \$131,777 17 The net profits on the business of the year just closed, after deducting expenses and allowances for bad and doubtful debts, are..... 102,062 98

\$236,840.15
Deduct two dividends of four per cent. each paid during the year..... 96,000.00

Balance at credit of Reserve Fund \$140,840.15

This Reserve, which is about 11½ per cent. on the capital, the Board believe to be sound and reliable.

Referring to the Insolvent Act, the Board would remark that the Country has now had the experience of several Bankrupt Laws, each claiming exemption from the evils and defects of its predecessor, but each in its turn bringing disorder, disappointment and commercial havoc in its operation. And so will it always be so long as the simple common sense way of dealing with the subject is overlooked, and Court officials, Bailiffs, and Lawyers continue chief actors.

The proper Court for a Debtor in difficulties, is the Court of his Creditors, a Bank-

rupt Court with its staff of officials only add to the trouble by eating up what the creditors should otherwise get.

Is the man honest and intelligent, but in temporary difficulties, then grant him time.

Is he dishonest, then take his estate.

Is he careless, and incapable, then wind up his affairs as economically as possible. But all or any of these modes of proceeding will often be more than doubled in the cash value of their result, if conducted simply by the creditors themselves—hence the importance of the creditors having power to do it. But the creditors under the operation of our common law meet an insurmountable difficulty. Nineteen may agree upon any of the above plans, but the twentieth objecting, be he a small or large creditor stops the whole proceeding, and it is this dead-lock that forms the only excuse for a Bankrupt law.

What then is the remedy? Why, remove the dead-lock, by the passing of a short act, empowering creditors under certain prescribed conditions as to the form of calling meetings, as simple as possible, to manage and conduct their own business by a certain majority, say of two thirds, three-fourths, or four-fifths; the decision of such majority to be binding on all the creditors.

Thus leaving debtor and creditors in their own Court, and in their own way, to settle and manage their own business. A mod of proceeding which will largely economise the debtor's means and save millions to merchant creditors, besides preventing the demoralising consequences which after long experience, seem inseparable from any Bankrupt law.

No unfortunate honest Trader will ever be denied fair terms and a discharge by a fair majority of his creditors, none should be.—And during an experience of over 30 years, I never knew one debtor who shewed an honest statement, refused a discharge, a large majority always readily consenting to it.

On the subject of interest upon money the Board deem a few remarks not inappropriate. The wise decision of the Legislature five years ago, to repeal the usury laws, has greatly benefited the commerce of the country. Money as a rule has been much more abundant, and consequently cheaper since than before. It is therefore deeply to be regretted that the Finance Minister apparently to draw the support of Lower Canada members to his Banking scheme, has announced the intention of again disturbing such a salutary measure. A complaint from the rural districts in Eastern Canada, consequent upon the action of certain small country money lenders there, who, taking advantage of their isolated position, have it seems charged to the *habitant's* exorbitant rates of interest, is made the ostensible reason for this retrograde proceeding. None knows better than the Finance Minister himself, the utter impossibility of remedying by Legislation, the complaint above referred to. It is beyond the control of all Legislation. If these exorbitant charges cannot be made in one form they will in another; if not through the rate of interest, they will through the capital; and to say that transactions of this nature, which as compared with the commercial circles, and general money operations of the country, are as a mere drop in the bucket, should be made the ground work for again unsettling this important question, is most absurd and unjust.

With respect to the value or price of money, it is obvious to reason, and were it not so, every business man's experience has proved it, that its price must fluctuate as does the value of any other commodity. The logical deduction is then, that its possessors will exact more for it, in times of scarcity, than in times of plenty. Free competition therefore in this species of traffic, as in any other, reduces the price and brings it to its natural and just level. Legislation cannot affect this evil, except when it attempts to limit its price, and then it is sure to add to its scarcity, and consequently only add to its dearth when most needed.

Usury laws, or any laws interfering with

the free action of capital, are injurious to the cause they affect to promote. They especially punish the small capitalist or poor man, by adding to the difficulty of procuring money in an open market, when he most wants it.

Touching what is called the currency question and banking scheme presently under the consideration of the Dominion Parliament, the Board would respectfully offer the following considerations:—

It is admitted on all hands that in mineral resources, and other fields of enterprise, this country is rich in the extreme, and that all we require to develop these stores of wealth, is capital, that to retain capital in the country, or create more from what we have, would be a policy wise and beneficial. Hence the wisdom and excellence of our present banking system, which, in imitation of the Scotch system of banking, so successfully conducted in that country, utilises our resources to so much advantage for a new country.

On a basis of under three millions of gold, which in good old times, before Governments began to tamper with banks, was, by long experience, always found ample, there is created a volume of banking currency, averaging about \$12,000,000, and under the excellent elasticity of the system, this volume, when commercial necessities require it, can be enlarged to the extent of four or five millions more, without one dollar increase of Gold for its basis, but upon property equal to gold, say the moving to market of the crop of the country, or any other important staple, which when at market brings back the gold.

Thus the banking circulation of the country, based on gold, or the always convertible representative of gold, has for its security a foundation which during fifty years never, in the greatest money crisis, faltered or flinched. By the Finance Minister's measure now before Parliament, this circulation, in place of being based upon and representing the security and property of the country, will represent nothing, yes, worse than nothing, it will represent debt, a debt, too, of the worst kind, the gold of our country, depicted for it, and by it, so when the Government lays their hands upon the eleven millions of our hard metal it will vanish like a snow bank in early spring, and when another emergency similar to the Trent affair arrives, or any serious threatened or real rupture with the neighboring Government, where will the gold be. Where will the Government debt be, these paper profits from which alone the gold is to come to redeem our Banking circulation? In what market will they bring the gold? Not certainly here, for the Government will have already got it themselves, and no doubt spent it. Not in England, for a very ripple in the relations of this country, with the United States so frightens English Capitalists as to render our Government Bonds almost unsaleable there. We have the experience of the Trent affair for this, and more recently Mr. Sumner's speech, which had a marked effect upon our Government securities. On its arrival they fell five per cent in one day. Indeed it is obvious to common sense, that as a basis of safety, or reliability in time of trial, no species of obligation, would as an asset be more *un-reliable* than our Government debt.

Instead of being able to redeem their debt, or advance gold upon it to aid the Banks during trouble, real or threatened, which in all fair play they should do, they would themselves be most in need of gold—they would be borrowers in place of lenders or advance.

Their Bonds would be at a large discount, while the Banks would have to redeem at par—what a chance for shareholders!

The conclusion from all this is very apparent that if ever such a project as the Finance Minister's, or any project at all akin to it reaches a reality, be its advent what it may, its evil and its end, and that soon, must be an irredeemable currency and wide spread ruin. Point-