

existing, he says, must end. "We have survived without serious scathe an unexampled reign of distrust and low prices over all civilized countries, and our resources are comparatively unimpaired. The savings of the laboring classes go on accumulating. With more settled political conditions we may confidently look for returning prosperity."

The Bank of Montreal shows better net earnings this year than last, though not equal to those of 1893-94, when they were \$1,313,000. The difficulty of earning six per cent. on twelve millions capital and rest in troublous times finds expression in various portions of the general manager's address. It is three or four years since Mr. Clouston sounded a warning note to municipalities and the mercantile community in Canada, anticipating a period of commercial depression. And he has repeated the warning on several occasions since. The year just closed he declares to have been one of the most disappointing since he took the helm of the bank. Eight months of its course had sped, with prospects steadily brightening both in the States and Canada, when the President's message with respect to Venezuela played havoc, precipitating "one of the worst panics, if not the worst of the century," and "ruin apparently stared every one in the face." While the very violence of the panic worked its cure, the shock to commerce was great; "it has done infinite damage, and the evil consequences time alone can cure." In Canada, merchants had increased their imports and manufacturers their outputs in the earlier part of the year, only to find themselves later, in consequence of the panicky lull in business, with heavy stocks and a dull market, our lumbermen having a heavier load than usual to carry by reason of the dispirited condition of the United States lumber trade. Approaching elections on both sides of the boundary tend to make this year one of unrest. "If," he says, "we could only feel assured that a strong gold plank would form part of the platform of the victorious party in the United States, we could look forward far more hopefully to the future prosperity of the American continent. And this, after all, is the keynote of the future."

To condense Mr. Clouston's summing up of the signs of amendment, better earnings and a better condition of finances among American railways are a prominent feature. Cheaper living for the masses is another. "Bread, meats, butter, cheese, eggs, milk, tea, coffee, sugar, clothing, in fact, all the necessities of life, are obtainable at a lower basis of cost than ever before known in the history of the Dominion." Timber is advancing in price in English markets. Reports are satisfactory from the Maritime Provinces. Business in Quebec is fair, and Ontario suffers from a decline in farm land values and from real estate speculation here and there, but the position in Manitoba is sound. The demand for cattle on the ranches in the Northwest Provinces is good, and all eyes are turned expectantly, and hopefully also, towards British Columbia.

A very satisfactory improvement in the results of business for the year is shown by the Quebec Bank. Circulation has gone up, a much larger aggregate of loans was made, and the net earnings were some \$36,000 greater than in the previous year, amounting as they do to \$266,000, or nearly 10½ per cent. on capital. Offers of desirable discounting business led the management to convert a considerable portion of the call loans and of the time loans on bonds and stocks into the more profitable form of loan. The amount put aside for contingencies last year, and an additional sum this year, is deemed sufficient to cover the Newfoundland and other unforeseen losses, and the dividend is put up to 8 per cent. for the latter half of the year, mak-

ing 5½ per cent. in all, and \$20,000 carried forward to profit and loss out of the year's earnings. This will be gratifying to the shareholders, who never relish the reduction of a dividend, and to the management, which showed no hesitation in reefing sail when matters looked squally for a time.

BUILDING AND LOAN SOCIETIES' RATES.

One of the very noticeable features about most of the terminable building and loan associations that we hear so much of in Canada is, so their advertisements tell us, the enormous profits that they make. This story it is that attracts so many people to them; this alluring prospect it is that dazzles the imagination of the man who is unable to figure out for himself whether such profits as stated are possible. Scores of such hopeful people have written to THE MONETARY TIMES, eager to get the "big profits," but doubtful about the existence of them.

There are some things to be remembered by any man who puts money into a company of this kind. (1) If he wants to test the reality of the profits that are said to reside in it, he must keep paying in according to its rules, and must wait the number of years required by its rules to see his "shares mature," as the phrase is; (2) He must get rid of the notion, if a borrower, that he is getting money at any such rate as 6 per cent. He will have to pay 10½ to 12 per cent.; (3) He pays a certain amount periodically for expenses, and for this he gets no direct return. It goes to pay the officers of the company—in the case of companies like the York County, it goes to pay the sweet-talking canvassers also; (4) If he is a borrower, he must remember, in calculating what a loan costs him, that supposing \$1,000 to be the amount he borrows for six years, *he does not have the use of that \$1,000 for six years*, because he is paying back part of it to the society every month or fortnight. He gets the use of only about \$640.

While a number of the terminable loan companies do their best to conceal the cost at which a borrower can obtain money from them, and we are told even lie to ignorant people about the terms which are printed in the literature which they circulate, others have more courage and better taste. The Canadian Mutual Loan and Investment Co., for example, tells THE MONETARY TIMES that: "The member pays, if he borrows from the company, 10½ per cent.—that is to say, 6 per cent. interest and 4½ per cent. premium. The company lends to no one who is not a member. Every transaction inures to the benefit of the shareholders. This company does not lend upon farm property, but only upon dwellings or stores." We learn further from the fifth annual report of the company that the ratio of loans to security in the case of this company is: "Loans \$1.00 to security \$2.28. Loans equal about 44 per cent. of the valuation of the security. In addition to this the shares of the borrowers, which are constantly increasing in value, are assigned to the company as collateral." This is tolerably clear. The borrower from this concern pays 10 4-5 per cent. per annum. He assigns his shares. He gets nothing that he does not pay a good round rate for, because, as we have just learned, "every transaction inures to the benefit of the shareholders." In other words—nothing for nothing in our shop, gentlemen. So let us do away with the notion that such societies furnish money cheaply. What they do is, if they tell the truth, to offer facilities for saving, with a prospect that if all the payers continue to pay, and the borrowers will stand a certain premium, the result is likely to be so-and-so at the end of eight or ten years.