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The Journal of Commerce**FINANCE AND INSURANCE REVIEW.**

MONTREAL, DECEMBER 12, 1879.

LIBERTY OF THE PRESS.

There is perhaps no public journal in the Dominion which is more ready on all occasions to invoke the liberty of the Press than the Toronto Globe, and yet very recently that journal, and still later some of its imitators, have made a most unjustifiable and outrageous attack on this journal on the sole authority of Mr. H. S. Strathy, cashier of the Federal Bank, and without doing us the justice to await any explanation on our part. Mr. Strathy, we have reason to know, has been for a considerable time laboring under a hostile feeling against this journal, simply because, in the discharge of our duty to the public, we have had occasion to write articles which did not meet his approbation. It is far from an uncommon mode of attacking a public journal, and especially one of a commercial character, to insinuate that its course is influenced by pecuniary considerations. Against such attacks we shall in general terms ask reference to the columns of this journal, but we shall give a distinct reply to the letter which Mr. Strathy has published in the Globe of the 8th inst.

Mr. Strathy was too prudent to explain the real cause of the offence which he has taken at the JOURNAL OF COMMERCE, and which is by no means of recent standing. So long ago as 22nd September, 1876, we took occasion, in commenting on the bank statements for the previous August, to call attention to the efforts then being made by the principal banks to keep down the rate of interest allowed on deposits, and which necessitated very high rates of discount. The Federal Bank had shortly before advertised that it was paying 6 per cent. for deposits, a rate which we knew the leading bankers here thought excessive and dangerous. We made a slight reference towards the conclusion of that article to the Federal Bank, which was caused solely by its own public notice. We shall copy it here:

"The Federal Bank can hardly be expected to join in the movement towards 'a decrease of interest on deposits in view of its recent advertisement.'"

Our next offence was committed on 3rd October last, when we again referred to the high rate of interest paid by some banks, which we did not name, though we remarked that "great caution should be observed with those banks which pay more than the current rate of 4 per cent." We intend to reproduce here the principal part of our article of 3rd October:

In this connection it may be interesting to draw attention to the comparative statements of the banks doing business exclusively in Ontario and Quebec. Of course, the larger banks, such as the Banks of Montreal, British North America, Merchants, Quebec, Molsons, Ontario, and Toronto, have branches or agencies in both Provinces, and it would, consequently, be impossible to institute a comparison between the business in the two sections. We have, however, examined the returns of six banks in Ontario and six in Quebec, and have been much struck with the difference. The business of the banks in question is confined almost exclusively to their respective Provinces. It is unnecessary to designate the banks, as their names will at once occur to any one who refers to the statement. Six Ontario banks, with aggregate paid up capitals of \$4,721,706, had liabilities of a little over \$11,000,000, of which about \$8,500,000 were for deposits and \$2,371,000 for circulation. Six Quebec banks, with aggregate capitals of \$6,078,652, had liabilities under \$6,000,000, of which about \$4,500,000 were for deposits, and \$1,300,000 for circulation. The banks that we have selected are some of them very small, and we have therefore selected three in each Province, the largest of what may be termed local banks, with the following results: In Ontario three banks, with aggregate paid up capitals of \$2,855,689, had liabilities amounting to about \$8,700,000, of which nearly \$7,000,000 were for deposits and nearly \$1,700,000 for circulation. In Quebec the three largest local banks had aggregate capitals

of very nearly \$5,000,000, with aggregate liabilities of \$4,878,024, of which about \$1,000,000 was for circulation and about \$3,750,000 for deposits. In the one case the aggregate liabilities are less than the aggregate capital, while in the other case they are more than three times the capital. It may be observed that in the case of the larger banks hardly any have liabilities amounting to anything like double their capital. The Bank of Montreal has not quite double, but it is to be observed that, as the Banker of two Governments, it occupies an exceptional position, and is compelled to hold a much larger proportion of its assets in an available form. It is tolerably well known that efforts have been made from time to time by the more conservative banks to induce the banks generally to come to an agreement among themselves not to pay more than four per cent. for deposits, but, for one cause or other, such attempts have never been successful, and it is hardly probable that they will be, especially so long as loan societies enter into the competition. The figures which we have given prove how much more abundant the floating capital of Ontario is than that of Quebec, and it is to be borne in mind that the deposits of the loan societies, which are much larger in Ontario than Quebec, have to be added to those of the Ontario banks.

We have the best possible reason for knowing that the cause of Mr. Strathy's hostility to the JOURNAL OF COMMERCE is to be found in the articles to which we have called attention, and not in what he terms "the stupid misleading paragraphs" which appeared in late numbers. When recently in the West the proprietor of this Journal heard rumours about losses incurred by the Federal Bank at London and Kingston, and desiring to state nothing that was not strictly accurate, he applied for information to Mr. Strathy himself, who denied that there was any trouble in general terms, and refused all information on the subject. There was no reference whatever on that occasion to advertising, and neither then nor on any occasion were such threats as Mr. Strathy has stated held out. We may fairly ask an intelligent public whether it is likely, if we had been disposed to revenge ourselves on the Federal Bank for refusing us an advertisement, we should have allowed nearly two years to elapse without making anything approaching to an attack, unless the article which we have copied above can be construed into one. When we called recently on Mr. Strathy for information we had telegraphed from Toronto for our issue of 28th November:

"We are advised of troubles in connection with the Federal Bank at Kingston and London, of which particulars will be given next week."

The information that we had received led us to think that the facts should be laid before the public, and we continue to be of the same opinion, and we may ap-