

# The Monetary Times

Absorbed the INTERCOLONIAL JOURNAL OF COMMERCE, 1869;  
the TRADE REVIEW, Montreal, 1870; and the JOURNAL OF  
COMMERCE, Toronto.

Vol. 41—No. 29. Toronto, Montreal, Winnipeg, Vancouver, January 18th, 1908. Ten Cents.

## The Monetary Times

A JOURNAL OF CANADA IN THE TWENTIETH CENTURY.  
PUBLISHED EVERY SATURDAY BY THE MONETARY TIMES  
PRINTING COMPANY:

THE MONETARY TIMES was established in 1867, the year of Confederation. It absorbed in 1869, THE INTERCOLONIAL JOURNAL OF COMMERCE, of Montreal; in 1870, THE TRADE REVIEW, of Montreal; and THE TORONTO JOURNAL OF COMMERCE.

Present Terms of Subscription, payable in advance:

Canada and Great Britain:		United States and other Countries:	
One Year	\$2.00	One Year	\$2.50
Six Months	1.25	Six Months	1.50
Three Months	0.75	Three Months	1.00

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Representing in Eastern Canada: The Market Record, and The Daily Grain Letter, the leading grain trade publications of the West.

All mailed papers are sent direct to Friday evening trains. Subscribers who receive them late or not at all, will confer a favor by reporting to the Circulation Department.

### CONTENTS OF THIS ISSUE.

	Page.
<b>Editorial:</b>	
Banking in Canada	1161
An Unwise Proposal	1162
Ontario Bank Echoes	1162
Times and The Times	1162
Thumbmark the Map	1162
<b>Banking and Financial:</b>	
Clearing House Returns	1164
Canadian Banking Practice, XXXVIII	1167
<b>Commercial Markets:</b>	
Toronto and Montreal	1169
<b>Insurance:</b>	
Views on the New Bill	1172
<b>Mining</b>	
Comfort for Cobalt	1165
<b>Miscellaneous:</b>	
Steel-Coal Company's Dispute	1173
<b>Public Money.</b>	
Bonds and Debentures	1169
Canadian Securities in London, Eng.	1169
<b>Special Correspondence:</b>	
British Capital in London	1167
Montreal Street Railway	1170
Mission to Japan	1174
Unique Wheat Situation	1175
Co-operative Societies	1182

In no case should letters in connection with Monetary Times affairs be sent to individuals, whose absence from the office may lead to delay in dealing with them.

### BANKING IN CANADA.

Canada is fortunate in having in its midst men, in the persons of our leading bankers, whose occupation induces them and whose means of information enable them to take broad views of commercial and financial affairs. These trained observers have rendered the community valuable service in uttering from time to time warnings, as well as encouragements, with respect to the trend of business. Encouragements to take advantage of the good fortune by which, in a growing time, men of prescience and enterprise grasp the skirts of happy chance; warnings of the hindrance to success offered by conditions abroad or at home which escape the view of busy producers.

Prominent among the watchers on the walls of our business body politic is Mr. Walker, president of the Canadian Bank of Commerce. His address on Tuesday before the annual gathering of proprietors gives a striking view of the year's results to producers and merchants in every part of Canada. It is both painstaking and succinct; and may well serve to give to Canadians as well as clients of the bank outside of Canada a survey of conditions throughout the Dominion. And besides, the part of his address which deals with the United States is of value to those who recognize how large a share of our business is done with that country and how greatly we are affected by what influences its currents of trade and finance. It is reassuring to be told by Mr. Walker, who has exceptional sources of information, that, with respect to the American banking system, "the demand for reform from the public throughout the United States is more persistent than ever before, and we cannot doubt that, with the recent experience sharply in mind, steps will now actually be taken to remedy the defects referred to."

The difficulty of impressing people, in times of active prosperity, with warnings of coming trouble, is brought to mind when we hark back a twelvemonth. The heads of the Bank of Montreal, and later the president of the Bank of Commerce, threw out danger signals a year ago to the producing and borrowing public of Canada. At that time, "Canada was doing more business than was justified by the money at our command at home or that could be secured abroad by the sale of the securities the country was creating, although it was not producing even sufficient merchandise to meet the demand, or building to any degree in advance of immediate requirements. We were, however, importing far in excess of our exports, and, generally, we were mortgaging our future." Single firms, companies, municipalities, were launching out in a way that was unwise in view of the world-wide conditions of the money market in recent years. Our towns and cities have been prominent sinners in lavish expenditure. A check upon this expansion, which we would not make of our own accord, has now been forced upon us. But, Mr. Walker states, we shall rapidly adjust our affairs to the new conditions.

How the scarcity of money came about that created havoc in the States and inconvenience in Canada is illustrated in a rough way thus: If one man wishes to borrow, another man must have saved. A French economist estimated the capital needed in 1906 for new commitments at \$3,250,000,000, and the world's savings available for investment at \$2,400,000,000 to \$2,800,000,000. The deficiency is, therefore, say, six hundred and fifty millions. This enormous fact—supposing it to be a fact—may explain why interest rates have risen and prices of securities fallen. Trading to an abnormal extent, and the prodigality that goes along with it, have brought us face to face with the need of economy. In the "slowing down," retrenchment will effect savings, although the volume of trade may lessen. This, Mr. Walker thinks, "will probably be accompanied by a fall in wages, however regrettable, and by a fall in prices generally, although the steady increase in the gold output of the