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FOURTEEN PAGES—FRIDAY MORNING MAY 31 1912—FOURTEEN PAGES

VOL. XXXII—No. 11,625

Senate Reading Room
Jan13—9519
SENATE P O

The Most Surprising Thing in Our Banking Law.

A very surprising thing has developed in connection with the Farmers' Bank that is well worthy of the consideration of the public who do business with banks. Let us try and explain what it is.

* * * * * *

The public put in several hundred thousand dollars of deposits in the Farmers' Bank. They thought they could withdraw that money, but when the bank suspended they found out—or, perhaps it might be better to say, they found out the day before yesterday only, when the liquidator addressed Sir William Meredith, the investigating commissioner—**that their deposits in the bank were security for the note circulation of the bank, and that such deposits in the bank are now being used to pay off the notes issued by the bank!**

* * * * * *

To put it in another way, there are to-day in a strong box of one of the trust companies of this city, some $320,000 of the bank notes issued by the Farmers' Bank, and which were temporarily cashed by the surviving banks. The latter did this in order that these notes should not come against the note redemption fund made up by the banks; and they are in the trust company strong box, where they draw three per cent. interest until such time as the liquidator realizes on the assets of the bank, including the deposits, **and pays off these notes of the bank that took deposits.**

* * * * * *

In still other words, **the depositors of the bank are a wall of protection to the redemption fund which was supposed to have been created primarily for the protection of the notes of the bank,** but which deposits as a matter of fact are a protection to the other banks from having to take care of the circulation of the defunct institution!

How many people who are depositing in banks know that the first charge on their deposit is the circulation of the bank? Or, to put it still another way, how much rather would a man make his deposit with a bank that had no note circulation, and which used for its business national notes or gold? In that case the depositor is absolutely free from any liability for the circulation of a bank.

* * * * * *

In Canada the first charge against the deposit assets is the bank's own circulation. Is that a sound condition of affairs, and is that a fair deal to the public? This will bear consideration.

* * * * * *

We venture to say that not one man in a thousand knows that when he puts his money in a bank a lien is immediately fastened on it in the shape of the note circulation of the bank, and that this is the experience of those who deposited money in the Farmers' Bank! They thought that at least the redemption fund would stand between them and the notes of the bank. On the contrary, the depositor is between the public and the notes of the bank, and between the bank's notes and the bankers' redemption fund! We do not know of any other country in the world where such a thing exists. It is the most unique thing in banking, and it is so unique that it is worthy of the consideration of Mr. W. T. White, minister of finance.

* * * * * *

And the more you consider the banking situation in Canada, the more it is forced upon you that a very abnormal condition of affairs is created the moment we allow the banks to furnish the circulation medium of the country. We believe there ought to be in some way a national note supplied by the country, secured by a gold reserve, and which never has to be taken care of out of the assets of a bank that happens to get into difficulties.

* * * * * *

Why should a man's savings deposited with a bank be liable for the debts of the bank, in the shape of its own note circulation? We leave this question to the public for their consideration, and we will be glad to get any further light on it from those who are prepared to give it.

* * * * * *

And why should the depositor in a bank have put upon him the onus and duty of maintaining the currency of the country? Somebody else ought to undertake that duty, and it must be done in an ample and satisfactory way. The depositor in a bank in Canada to-day is the man that maintains the currency and guarantees it, and he stands as a buttress and protection to the so-called redemption fund that was especially created to secure the note issue of the banks. That is, the depositor assumes the responsibility that the government of the country ought to assume and discharge. The country must supply the currency, and it must be unquestioned, current at any time, and in all circumstances.

W. F. M.

Difference in the Price of Straws.

If you are going to purchase a straw hat, it would be a wise thing for you to get the best weave offered. The difference in price is so small that it is not worth considering. The Dineen Company, 140 Yonge-street, is sole Canadian agent for the great Dunlap straw sailor and Alpine for men, made by Dunlap of New York, and for those manufactured by Henry Heath of London, England, who makes hats exclusively for the King. Besides these Dineen has on sale the exclusive lines by Christy of London, England, who figures as the oldest of the world's great hatters.

FARMERS BANK INQUIRY IS ALMOST CONCLUDED

Commissioner Will Go to Ottawa to Take Evidence and Report Will Then Be Presented—Mr. Clarkson Told of Repayment of Loan to The World.

The enquiry into the affairs of the Farmers' Bank proceeded yesterday morning before Sir William Meredith, and about noon F. E. Hodgins, K.C., announced that he was practically thru except for the examination of witnesses to be conducted at Ottawa, and some testimony to be given by officials of the Trust and Guarantee Company. Col. Greenwood, W. H. Greenwood, W. R. Travers, H. N. Clarkson and W. J. Lindsay were examined. Mr. Hodgins became involved in a rather disagreeable wrangle with the last named witness. Respecting the disposition of certain moneys received by the latter as commissions for selling stock of the Farmers' Bank, Mr. Lindsay stated that he had given $3000 of this money to his wife and refused to say what disposition she had made of it. His lordship in the end sustained the witness, who protested that Mr. Hodgins was treating him unfairly.

"I am willing to admit that you imagine you are telling the truth,' was the lawyer's parting shot.

Mr. Clarkson, the liquidator, put on record a statement respecting his attitude toward the Keeley Mine proposition and the advisability of the stockholders and depositors taking over the same.

Never Feared Loss.

Mr. Hodgins: "I understand that the indebtedness of The World newspaper to the Farmers' Bank has been paid off."

Mr. Clarkson: "Yes sir."

Mr. Hodgins. "So the bank will lose nothing by that transaction?"

Mr. Clarkson: "Certainly not; I never feared any loss on that claim."

W. H. Greenwood and Col. Matheson, provincial treasurer, were examined respecting loans made to The World and deposits of money made by the province. Mr. Greenwood said, and the books of the bank corroborated his testimony, that The World had discounted obligations of customers with the bank as early as Dec. 31, 1906, and had done business with the bank from that date until the latter part of 1910. Two letters written by Mr. Greenwood to Col. Matheson, requesting the latter to deposit with the bank, were produced, but were dated June 20 and 21, 1908. Mr. Greenwood evidently believed that these letters had had some influence in procuring a deposit of $10,000 with the bank by the provincial treasurer, but in reply to questions by his lordship, admitted that these letters had evidently failed in their purpose, because, as appeared from the books of the bank, all the deposits made by the provincial government had been made before this time. Mr. Greenwood said he had tried to get deposits for the bank from the government and also from the Union Trust Company.

Did His Best.

"I did the best I could," said Mr. Greenwood; "Travers claimed that he had hardly enough money to accommodate other customers, and I tried to get him deposits. I had no reason to doubt that the bank was solvent, because as editor of The World, I carefully examined every month the bank statement and kept in touch with the condition of this bank, and every other bank in Canada. Our dealings with this bank were ordinary business dealings. We were dealing with other banks on a similar basis. Many of the discounts were put thru by the cashier without my personal knowledge. It was the ordinary banking business transacted in the ordinary way. No pressure of any kind was brought to bear on the bank or Mr. Travers."

Col. Matheson, provincial treasurer, said that Mr. Greenwood had "bothered him to death to make deposits with the Farmers' Bank, but he found upon examination that all his deposits had been made before this time."

All After Deposits.

Mr. Hodgins: "Were you not struck by this circumstance that Mr. Greenwood urged you to make deposits."

Col. Matheson: "No; nearly every bank in Toronto has sent any number of people to me to solicit deposits.'

Col. Matheson said that he had made the deposits with the Farmers' Bank upon representations made by Dr. Nesbitt that his bank was being discriminated against. Nesbitt had pointed out that the provincial government made it a rule to deposit cheques in its favor with the bank upon which such cheques were drawn. Col. Matheson had thereupon extended this practice so as to include the Farmers' Bank. He knew nothing about the Keeley Mine speculation, altho he had heard some gossip about Dr. Nesbitt being interested in a mine "up north."

Draft Letter.

The draft letter found in the Farmers' Bank effects in which Travers had stated that he had made loans to Dr. Nesbitt and The World to the amount of the provincial deposits, and soliciting more deposits, had never been received by him.

Mr. W. R. Travers testified that the accommodations extended to The World had not been influenced by any but good business considerations. They were all guaranteed by Mr. and Mrs. Maclean, and he had satisfied himself that these endorsements fully secured the bank.

RETAILERS ORGANIZE TO FIGHT WHOLESALERS

Retail Grocers Claim They Are Defrauded By Wholesale Men Dealing Directly With Public—Backed Up By the Dry Goods Men.

To reduce the high cost of living and protect their own interests, the grocers' section of the Retail Merchants' Association, at their annual meeting, held last night, decided to put up a big fight against the action of the wholesalers in dealing with the public.

The retail grocers are being backed up by the drygoods merchants of the city. With this special object in view, an organization meeting was held yesterday and a drygoods section of the Retail Merchants' Association organized.

W. C. Moyer, the retiring chairman of the grocers' section, in an address last night, charged that the wholesalers and jobbers were trying to defraud the retailers and the public at the same time by selling directly to both. They are charging the retailers the same prices at which they sell direct to the public, and in this way, he said, the proportion of the public buying from the retailer are paying more for the article than it is worth, and yet thru no fault of the retailer.

A Direct Bribe.

It was also pointed out that the public should be warned against buying packages of food containing prizes. This, it was charged, is a direct bribe to the public to buy that particular article. The public have to pay for that bribe in the price of the article, and here again is another way in which the high cost of living is being boosted. Legislation will be sought to put a stop to this sort of thing.

Great objection was raised to a co-operative store scheme put forward by the Railway Brotherhood organizations, and other organizations of similar character who are forming stock companies for the purpose of carrying on stores on the co-operative basis.

Already a small butcher store has been opened on West King-st., to be run on this basis, while a grocery store next door to it is being utilized under contract temporarily.

Public Lose Their Money.

The retailers declared last night that the public who are asked to put money in these stores, invariably lose it, as wherever they have been tried, they have proved a failure. It was pointed out that if co-operative stores had been found to be a paying proposition, the experienced grocers would have started them up here, instead of leaving it to railway employes who have no knowledge whatever of how to conduct a retail business successfully.

Mr. Moyer declared that the only way to fight the abuses that they have to contend with, was for the retailers, all branches of the trade, to stand shoulder to shoulder in the fight against the evils.

Interests of Retailers.

After considerable discussion, the following resolution was passed unanimously: "That it is the opinion of this meeting that our special grocery trade interests and the general welfare of the great body of retail grocers has been, and can be better taken care of and protected by being a 'grocers' section' and forming a part of the great federation of 'The Retail Merchants' Association of Canada,' than by attempting to have our interests taken care of thru an isolated single line grocers' association.

"We believe that only in retail unity can there be strength and that experience has proven to us that in order to defend ourselves against unfair trade abuses or unfair Dominion or Provincial legislation that we must stand shoulder to shoulder with our fellow-retail merchants and maintain the Retail Merchants' Association of Canada, with its provincial and Dominion boards and with their equipped officers and efficient staff, and that we cannot afford to weaken our united forces by being divided into separate camps or single, one-line associations.

"We further believe that each section of retail trade should have the same relationship to the Retail Mer-

Continued on Page 7, Column 4.

STRAWS SHOW WHICH WAY THE WIND BLOWS

CITY REGIMENTS GREATLY UNDER STRENGTH

Jobs Hold More Allurements Than Niagara Common, and Four Cities Muster But 1500 Men—Fine Weather Favors the Opening of Five-Days' Encampment.

(By a Staff Reporter).

NIAGARA-ON-THE-LAKE, May 30.—This little lakeside town to-day revels in color. From a peaceful, slumbering hamlet, where history was made just a century ago, it is converted into a miniature Aldershot. On the historic Niagara commons are encamped over 1500 troops for five days, a small portion of the militia of four cities, Toronto, Hamilton, Brantford and St. Catharines.

The town was awakened by martial music in the early morning and now the greater portion of the population are soldiers.

Every boat and train arriving until late in the afternoon brought militiamen. Several hundred tents were pitched, awaiting the arrival of the regiments. The Toronto 48th Highlanders, who disembarked at 9.30 a.m. from the Chicora, were first at the camp grounds, followed shortly after by the four regiments from the other cities, which traveled by special train. From the steamer Corona the Queen's Own and Grenadiers landed shortly after 1 o'clock, and hardly had the men enjoyed their first meal under canvas when the bugle sounded the fall-in. Thereafter it was a grueling two hours' drill in the hot sun.

Weather of the Best.

The weather was ideal for manoeuvring and all the men in the ranks were tickled by this to no small degree. The sun shone from a cloudless sky during the afternoon and on the grassy hill where the troops practised there was a breeze from the lake that was good and wholesome. The grass was practically dried out and, if the rain holds off, the camp promises to be the best ever.

Those who joined the ranks in the expectation of a huge outing are cussing their fate. There will be no loiling about during the day. The officers are piling on the work in heavy quantities. Four hours of company drill and attacking constituted the afternoon's and evening's grind—and a grind it certainly was. Three or four men succumbed to the heat and were assisted to the shade of tents.

Novelty for City Soldiers.

This is the first time the Toronto regiments have been at Niagara camp as a unit. And for a starter the showing was bad numerically. The Grenadiers had the hardest luck, only getting a turnout of some 80 men, and their full strength is in the neighborhood of 600. The Queen's Own had about 250 and the Highlanders 150. Without a doubt the officers were displeased, but decided that the men refused to come out because of unwillingness to lose their jobs.

Col. Sir Henry Pellatt has gone up a peg, being now brigadier of the 68th Infantry. Lieut.-Col. Mercer, his suc-

Continued on Page 7, Column 6.

MAY BE FROST

It was announced at the observatory last night that there was a slight possibility of a light frost affecting the lands in the higher levels in Ontario. Toronto and the neighborhood, however, was not considered to be in any danger. If any frost occurred, it was expected early this morning. The temperature last night was 46, and there was a chance of a drop to 40. To-day, however, it is expected to be warmer.

SCHEME MAY NOT SUCCEED

Wire-Pulling Campaign is on Foot to Place One Man in Charge of Toronto Schools.

"It is by no means settled yet who will succeed J. L. Hughes," said a local educationist to The World last night. Then he explained how the scheme was hatched to pitch-fork a nominee of the department of education into the job as a reward for the diplomacy displayed in the preparation and timeliness of presentation of a certain historic report. The name was passed on to the insiders on the board as having been recommended by Inspector Senath. Then a little luncheon was arranged for at McConkey's, where additional trustees were "put wise," as shown by the report in The World yesterday. Something got on the nerves of the pliant clique before the special committee had a genuine meeting, as it was not deemed politic to propose the name of the department's official as a recommendation to the board. It was considered more sapient to depend on a wire-pulling campaign between Wednesday night and the next board meeting.

POLITICITNS "DRAGOONED" BY METHODISTS.

WOODSTOCK, May 30.—(Can. Press.)—Rev. J. W. Cooley of Port Elgin was elected president of the Hamilton Conference on the first ballot to-day. Rev. W. B. Smith of Hamilton was elected secretary.

Rev. Dr. Cawa, general superintendent, addressed the conference and declared that Methodism having "dragooned" the politicians into an "abolish the bar" policy in Ontario, must now supoort them, otherwise it would deserve the contempt of both parties.

To-night N. W. Rowell, M.L.A., addressed the conference along missionary lines.

ACCLAMATION IN KOOTENAY.

VANCOUVER, May 30.—(Can. Press.)—R. F. Green, Conservative, was elected by acclamation in the Kootenay by-election to-day.

COURT DIVIDED ON FEDERAL POWER?

Observers of Forensic Battle on Lancaster Bill Do Not Anticipate Unanimous Judgment, While Opponents Profess Confidence in the Outcome.

OTTAWA, May 30.—(Can. Press.)—Contrary to expectations, the hearing in the supreme court on the reference of the Lancaster marriage bill questions submitted by the government, did not conclude to-day, altho the court sat an additional hour in an endeavor to complete the hearing. All parties represented have now been heard, Mr. Hellmuth and Aime Geoffrion, for the Province of Quebec, have asserted the province's objection to the passing of the bill.

Hon. Wallace Nesbitt, late this afternoon, made his reply, and only Eugene Lafleur, for the promoters, and E. L. Newcombe, deputy minister of justice, for the attorney-general of Canada, remain to be heard. It is now expected that the hearing will conclude to-morrow morning.

To-day's hearing was of a decidedly interesting nature, in that the attitude of the two great provinces of he Dominion was revealed. Quebec, from the assertions of its attorneys, is unalterably opposed to any change in existing conditions, while, on the other hand, the Province of Ontario was, if anything, favorably disposed towards the

Continued on Page 7, Column 1.

MILLION DOLLAR CHURCH FUND

Record Budget to Be Adopted by Presbyterian General Assembly at Edmonton.

Rev. Dr. McKay, moderator of the Presbyterian General Assembly, and a number of other Toronto commissioners to the gathering, have left for Edmonton. After the general assembly Dr. McKay will attend the meeting of the Woman's Missionary Board at Vancouver.

The general assembly will have the largest church budget in the history of the church. Rev. Dr. Somerville, financial agent, will propose that the congregations be asked to raise one million one hundred thousand dollars for missions, educational purposes and the superannuation funds.

DENISON FOUGHT FOR HIGHER SALARIES

Police Magistrate Wanted First-Class Constables to Get More Pay, But Was Over-ruled by Other Commissioners—What Men on the Beat Have to Say.

At least one of the three police commissioners had no part in the cutting of the melon which gave proportionately large increases to officers while the first-class constables were denied any share in the advance. Police Magistrate Denison bitterly has told a man closely in his confidence that he fought the unequal division all along the line and still regards it as an unwise and an unfair disposition of the money voted by council. The Colonel fought out the battle at each meeting of the board but was outvoted and finally vanquished.

The men resent as unfair the statement made yesterday by Chief Grasett that only one first-class constable has resigned since the first of the year. They admit the fact but declare that it is the undesirable condition of the men in this class, which must be the ultimate berth of nine-tenths of those joining the force, which leads the younger men to quit. They point out that when a man has paid out seven per cent. of his meagre wages into a benefit fund, he hesitates to jump the job, but that the younger men seeing the hopeless conditions ahead of them are continually looking out for a change.

Some Discontent.

Crown Attorney Corley was asked yesterday if he had seen any indications of discontent among the rank and file of the force. He declared that many of the younger men had told him that they were just waiting to go west. These are the unmarried men who can live tight for a few years, save a little money and then break for the west and opportunity.

What the Men Say.

The men on the beat feel that they are the fellows who do the work and even the second and third-class men are not satisfied, that the raises should go to these classes, as they point out that a man only remains in these classes for three years and then he comes in as a first-class man for the rest of his working life, barring the slim chance of promotion, and they say they would rather live for three years on the little pay if they could look gorward to a comfortable salary when they become first-class constables. They say that another point in favor of this view is that the pension of a man who does not rise from the beat is based on the pay of a first-class constable as the service in the other ranks does not entitle a man to pension, and that if the lower classes were robbed for the benefit of the first-class, the pensions would be better worth having.

Controller Church moved in the board of control yesterday for a statement from the board of police commissioners showing the sum necessary to advance the first-class men $50 a year and the men are hoping that even this relief may be granted.

CHILD KILLED WHILE AT PLAY

Lewis Samuel Fell Under the Wheels of a Lorry on Front Street and Was Crushed to Death.

Lewis Samuel, a youngster whose home is at 71 Sullivan-street, was killed on Simcoe-street, near Front-street, yesterday afternoon b ya lorry owned by the Dominion Transport Company. He wa sstealing a ride, or endeavoring to get on the wagon, when he slipped and fell beneath the wheels which passed over his body killing him almost instantly. His body was taken to the morgue where an inquest will be held by Coroner Singer at noon to-day.

Application to Railway Board.

Application was made to the Ontario Railwa yand Municipal Board yesterday by St. Thomas and Palmerston for ratification of their agreements with the Bell Telephone Company.