

bility for shares, in face of the double liability, and directors of the Central Bank are not alone in the attempt. There has been a great deal of what seems to come perilously near to hard swearing.

If we signalize the case of the stock trust and its obscure manipulations, where there were so many irregularities of all kinds, it is because this kind of trust is believed to have been neither original nor unique. Henceforth there is danger that even perfectly innocent and legitimate trusts held by bank officers, in connection with stock, may fall under suspicion. This would be unjust and ought to be guarded against. Banks are very properly prohibited by law from loaning on their own stocks; but there is reason to believe that some of them have at times done so by the fictitious creation of a company or a trusteeship; at other times, they have lent through the intervention of a third party, a loan company for example. These are mere evasions of the law. In its day, the Federal Bank did more to demoralize the community by encouraging speculations in its own stock than all the other Canadian banks that have ever existed. Mr. Allen and his colleagues did little more, in this respect, than had been done by his teachers and exemplars, whose praises are just now in everybody's mouth, merely because they pay their debts.

The president of the Bank of Commerce, at the recent meeting, very properly censured as abnormal and improper the speculation in bank stocks which has been the crying sin of our stock exchanges, and Sir Donald Smith gave notice that the Bank of Montreal has no use for "bulls." The Bank of Commerce has kept its skirts free from this form of speculation. Not so all others. Bulls have been very popular in official bank quarters; the familiars of some bank parlors. The desire to see the stock go up and keep up is very natural to bank managers and directors, and it is not matter for wonderment if they sometimes strain a point to obtain these ends. This practice is exceptional, and not to be commended; when it goes to the extent of evasion of the law, it deserves only censure. There are two possible motives for desiring to keep up the price of bank stocks. A serious fall in price is sure to receive a sinister interpretation, and may in that way do harm to the institution. The motive for preventing undue depreciation of the stock is honorable; and the rascalities sometimes resorted to for the purpose of bringing down the price belong to a form of immorality that hovers around the borders of stock exchanges. When the motive of manipulation is to raise the price of stocks for the purpose of gain, it is scarcely less unworthy; and when the operation is engineered by persons whose knowledge of the real condition of the bank is superior to that of the general public, the game is carried on with loaded dice.

A good beginning has been made by bank officials in denouncing unscrupulous speculation in bank stocks. The public will speculate in anything which appears to afford even a remote chance of profit. This is perfectly natural, and we must take hu-

man nature as we find it. So it has been, and so it will be. The remedy lies almost entirely in the hands of the banks. One way or another they furnish nearly all the money with which these operations are carried on; they have simply to stop the advances, and the practice will fall to the ground for want of support. The leading motive of the banks probably is to have funds readily available—on call—and bringing a fair rate of interest. Could something else not be substituted for bank stock? If so, it would equally serve the purpose of speculators and of the banks. We need not insist on the dangerous character of the transaction. When a bank lends on its own stock, it in effect pays back the capital, and gets only the paper representatives in its place.

Another bad feature in the management of the Central was the extent of its loans to directors; not to all the directors, by any means, for some of them were not borrowers. Loans to directors are probably on the whole as safe, or nearly as safe, as those to the general public; some are of course the very best, in point of security. But it must remain true, so long as the practice exists, that heavy loans to directors are peculiarly liable to abuse. A director will not scrutinize his own application with the care that he would bestow upon another's; self-interest and the motive of mutual help among directors must always be a disturbing influence, liable to produce the startling results of which the public, from time to time, hears. There is always a temptation for directors to lend to themselves an undue proportion of the bank's funds, and that temptation is sure sometimes to produce its effect. Everywhere else, except in the bank parlor, the rule is that trustees are not allowed to borrow the funds of the trust which they are called upon to administer; a violation of this rule cannot be authorized, as it is by the law in this case, without danger. If a change could be made in this particular, it would be the greatest reform in bank administration that could be hoped for. The day may come when it will be possible; till then, care should be taken to prevent the present practice producing more than the minimum of mischief.

#### MEETINGS OF BANKS.

The last of the lawsuits which absorbed much in costs and "paralysed a large share of our capital," says the report of La Banque Jacques Cartier, terminated successfully for the bank during the year ended with May. The bank's capital, \$500,000, is reported intact, the reserve fund maintained at \$140,000, and a sum of \$11,122 placed to contingent account. The management has decided to divide  $6\frac{1}{2}$  per cent. to shareholders, instead of 6 per cent. as before. Circulation has gone up to \$409,000; public deposits are increased to \$887,000 and there is an increase in Government deposits, while, amongst assets, specie and Dominion notes are at a much lower point than in last statement; past-due bills are on the other hand \$40,000 less.

In the report of La Banque Ville Marie, reference is made to "the somewhat un-

settled state of affairs in Ontario" during the year, which had the effect of making the management cautious in discounts and careful to hold plenty of available assets, although we are not aware that the bank does much business with this province. The overdue debts have gone up, we observe, from \$43,000 a year ago to about \$88,000 now, which is an unusual proportion where current discounts are but \$1,100,000. The president casts his glance over the country and devotes a good deal of attention to a survey of the commercial and financial situation, closing with the interesting announcement that he is about to revisit his native land after an absence of many, many years.

At the third annual meeting of the Traders' Bank of Canada, held last week, it was stated that great efforts had been made, in consequence of "the disturbed state of financial matters during a great portion of the past year," to keep on hand considerable reserves in cash or in assets available on short notice. This naturally impaired the earning power of the bank. The result of the year's business is shown in net profits of \$35,105 on a paid capital of \$502,022, which is rather less than seven per cent. However, the directors were only expected to divide six, and so \$5,000 was put to Rest. We observe that expectation is expressed of a steady growth in the bank's business, "which its conservative management cannot fail to command." Conservative management is a good phrase, but the sentence last quoted is a *non sequitur* all the same. It is true that in the meantime nearly a fourth of the assets are (at 31st May) in the immediately available list. It might be well if something near that proportion should be maintained, which would perhaps secure, in one respect, the conservative management in which the public is asked to believe. Better earn seven per cent. and have it than earn fourteen on paper to see it disappear in smoke.

#### THE COAL FIELDS OF OUR NORTH-WEST.

It would be of little avail to boast of the enormous area and great fertility of our North-West if, considering its winter climate, there were no adequate supplies of fuel to be found therein. But there is coal, plenty of it, and one of the important problems is how this fuel can best be supplied to the towns and villages of Manitoba and the Territories. Our correspondent's letter, printed to-day, tells us something of what is being done at the Galt mine. The output of this excellent coal at Lethbridge, it appears, is several hundred tons per day, and it finds its way to various parts of the Territories and Manitoba. Another valuable coal field—anthracite, we believe, with a number of good seams—has been exposed at or near Banff, and some experimental shipments made to the Pacific coast, as well as a few cargoes to San Francisco. A coal "find" near Kamloops, B.C., is also mentioned, but of what sort we are not told. He does not tell us anything about the coal property formerly worked by the Saskatchewan Coal Co. at Medicine Hat; but there is plenty of good bituminous coal