

moderate degree of success it is likely to attain; but the moving part of the French population cannot be all directed into any particular channel. Emigration from Quebec will go on, as it has for years gone on, from New England; but this new movement of colonization, in the north, may diminish the volume and force of the outgoing stream. As the colonists extend north, they will not find the climate improve; and in this respect they will labor under some disadvantages. But it seems clear that if this rugged north country be ever improved, the work will be done by French Canadians, whose numbers in the North-west will be restricted in proportion as they extend settlements in the Province of Quebec.

#### BANK MEETINGS.

We have entered on an era in which the banks show diminished earnings. This period of decline comes sooner than it came in the previous cycle through which the banks passed. Ten years ago, the average dividend paid by seventeen banks was 8.76 per cent. Four years later, nearly eight millions of bank capital, in one form or other, had disappeared, and average dividend fell to 6.46 per cent. These untoward results were owing to the abuse of credit, which should have been prevented, and to a decline of prices consequent on the reaction from the inflation which culminated in 1873. Whatever it portends, diminished earnings and reduced dividends are again the order of the day.

Five Canadian banks have held their annual meetings since our last issue, and the reports of all these may be found in our pages to-day. As compared with the preceding year, decreased earnings are shown by every one of them, without exception. And the reasons for this are given in almost every report in the same terms: "The depressed condition of various industries," "overproduction by manufacturers," "the unfavorable crop of last year," "receding prices," "diminished business and profits," are referred to by the various boards of directors as the causes of the lower rate of earnings.

Taking, as we did last year, a group of four banks in the province of Quebec and five in Ontario, with an aggregate paid capital of \$30,480,000, we find that they have this year earned 11.38 per cent. net, where last year they earned, collectively, 13.75 per cent. We append a comparison of the net earnings of these nine banks:

Net profits.		
Bank.	1883-4.	1882-3.
Montreal .....	\$1,434,260	\$1,556,788
Merchants' .....	546,865	865,911
Quebec .....	278,818	301,955
Eastern Townships...	147,549	188,751
Aggregate .....	\$2,377,492	\$2,913,405
Net profits.		
Bank.	1883-4.	1882-3.
Toronto .....	\$239,169	\$267,703
Dominion .....	233,357	233,972
Ontario .....	183,267	203,711
Hamilton .....	122,445	135,108
Federal .....	312,334	459,256
Aggregate .....	\$1,090,572	\$1,299,750

Those who expected a pretty full exposition of the commercial and financial outlook at the hands of Mr. Smithers, of the Bank

of Montreal, having been disappointed, owing to the illness of that gentleman, occasion was taken by Mr. Hague, of the Merchants' Bank, to make, at the meeting of that bank on Wednesday, an address which, while it will be found by the reading public to be full of information, contains especially valuable practical suggestions to the business man and the banker.

His speech reminds us that 1882-3 was an extremely prosperous year, and we must not soon expect such another. Its successor certainly, was not so profitable for banks, or indeed for any kind of business. Diminished circulation and decreased earning power, is apparent in almost every bank report presented. Referring to the condition of affairs in Manitoba and the North West, caused by real-estate speculation and the frost-injured crop, Mr. Hague tells us that "persons engaged in mercantile business, had become so entangled in real estate matters that practically, their position depended entirely thereon." And again, showing that it was people in other provinces, too, who were playing the role of speculators in our newer territory, it is declared that two-thirds of the whole losses suffered by the Merchants' Bank can be traced to the influence of the speculative era. Dwelling upon the mischievous notion which is about that it is perfectly fair to put the loss of speculative transactions on the broad shoulders of the bank lending the money, Mr. Hague stated the remedy with welcome bluntness. "Let the banks be chary of their money—Why should they furnish men with the means of ruining themselves?"

The General Manager of the Merchants Bank is very strongly of opinion that we are getting too many banks. There are, he says, more banks in Toronto or in Montreal than in Liverpool; and more in Winnipeg than in English cities of 250,000 inhabitants. This state of things conduces to overtrading and to failure, as one may readily see, and the common observation, of bankers agrees, that a plurality of bank accounts is a characteristic of failed firms.

The Scotch banks, some few years ago, finding that extreme competition was working them harm, agreed to get a committee to look over the ground and decide which bank should withdraw from certain places. The plan thus proposed was carried out, and the result has been lessened competition, less easy borrowing, better security, and a better tone to business.

The Merchants' Bank proprietors, after it had earned something over 13 per cent. on its capital, had to endure seeing a sum equal to a semi-annual dividend written off for irrecoverably bad debts. But then, the sum so written off was only half what was added to the reserve from the profits of last year when the showing was so good that the general manager took occasion, then, in his address, to say, in referring to them "all is not gold that glitters, and a word of caution as to large profits is not out of place." Thus the average of profit can hardly be exceeded at any one period, without leading a prudent person to look out for the reaction which shall reduce earnings. A hundred thousand dollars has been added to the rest of this institution out of the profits of the year, and \$45,000 carried to contingent account, after

paying the usual dividend of seven per cent. A reduction is shown in unsecured, overdue debts, and also in unproductive real estate.

The directors of the Bank of Toronto make reference, in a very concise manner to the principal features of the year's business: the depression in lumber and timber, the curtailment of production in manufactures, and the defective harvest. Notwithstanding all which, they have met with but moderate losses, and have been able to distribute ten per cent. to their proprietors, and to add \$40,000 to Rest. A matter of decided consequence is touched upon in the report, viz., the shrinkage in value of commodities. This is a condition of things which lessens or wipes out the capital of traders most effectively, and one against which the banker must be on his guard; for a customer's capital has been wiped out before he himself was aware, and when his banker only suspected it. The suggestion of caution in banking generally is never out of place, but is especially timely at present, when business affairs have reached and passed the crest of the wave of activity. The affairs of this bank are shown to be in healthy shape, and the available assets are in increased proportion to obligations to the public.

The Federal Bank was able to make an exceptionally favorable showing a year ago, when, having enlarged its capital, it also increased its dividend. Circulation had then reached a high point, and deposits were increased by a million. The active condition of business which had permitted these results, did not continue, however, and the earnings of 1883-4, instead of the \$459,000 of the previous year, are only \$312,334, or eleven per cent. against nineteen; deposits have declined by over a million, current discounts have been restricted considerably and overdue bills and real estate ran up by some \$60,000. Still the shareholders have been paid nine per cent. dividend (one of five per cent in December last, and one of four this month) there is an addition of \$50,000 to Rest, making that account half the capital, and \$30,000 is carried forward. Available assets, too, we remark, are in better proportion to liabilities to the public.

No comment upon the financial situation or statement of the condition of the country finds place in the report of the Ontario Bank, which is brief and consists of the announcement of \$183,000 net profits—about the same as in 1881-2—the addition of \$90,000 to rest, in accordance with the policy of strengthening the position of the bank. A very marked increase is shown in circulation and an increase of over a million in discounts. Deposits also, are half a million larger. Overdue debts are reduced to a low point, and sales of real estate during the year are indicated.

The earnings of the Bank of Hamilton having averaged over thirteen per cent. for the two years last past, and the Rest being now a quarter million, it was thought safe to divide a little more; the last dividend was accordingly raised to four per cent. The exhibit made is a creditable one; and we trust that the sentiment expressed by Mr. Hendrie at the meeting, that work well done should be properly paid for, is not intended to apply to directors alone.