

Now gentlemen, this is the condition of things in which all the banks in Canada have had to conduct their business during the last five years, with failures four fold more than any that had occurred previously, with a constantly diminishing volume of sound and legitimate business, and yet with a necessity of paying dividends upon a capital which had in times of previous inflation been increased out of all proportion to the requirements of legitimate business.

Looking back a few years previously to 1875, we find the capital of the banks to have been only 87½ millions. During the next four years, stimulated by the large profits that were apparently being realized, the capital of the banks had been constantly increased until it touched 62 millions. This capital was based upon the highest point of inflation reached by the country and the banks, and there was a constant necessity of earning dividends upon it during years of steadily decreasing business.

I ask you, in view of all that has been stated whether it is a matter of surprise that the last four years has been a period of exceptionally heavy losses. It could not indeed have been otherwise unless banks had withdrawn almost entirely from the circle of business operations.

It is a matter of common notoriety that commercial disasters have fallen more heavily upon this city and Province than upon the Province of Ontario during the last five years. During a former period the reverse was the case. Between 1866 and 1870 there was a constant succession of disasters to the banking interest of Ontario. Almost every bank that had its headquarters in Western Canada passed out of existence. The bank of Upper Canada failed so disastrously that its stockholders lost everything, and it is a question to this day whether the creditors have all been paid. The Commercial Bank closed its doors after a long struggle, and its business finally passed into the hands of this Bank, which paid all its debts and gave to the stockholders 33½ per cent of their capital, an amount, let me say, far beyond what it was worth. The Gore Bank passed out of existence and became merged in the Bank of Commerce. The Niagara District Bank also ceased to exist, and has merged in the Imperial Bank.

Previous to 1875, the spirit of speculation was rampant in this city, and numbers of joint stock enterprises, manufac-

turing, mining, lumbering, &c., were started. Speculation in real estate assumed enormous proportions, and presented the same features that the real estate mania had done in previous years in Ontario. The lumber and timber interests had been also remarkably prosperous, and a strong spirit of speculation and inflation pervaded these industries. Thus it came about that in this Province the largest measure of expansion and undue enlargement of credit took place.

The reaction has been the severest where the inflation was the highest. In some instances, as you are aware, the disasters suffered by the banks culminated in the shutting of their doors; and in three instances in then being obliged to go into liquidation. There was, I regret to say, a very general departure from the sound rules, the fruit of long-established experience, by which alone banking can be safely conducted. There prevailed an injudicious style of lending and discounting, loaning on insufficient security, and sometimes on no security at all.

If, as is my hope (and I must confess there is reason for the hope), the times have taken that kind of turn for the better which is the commencement of a series of years of soundness and reasonable prosperity, this Bank can scarcely fail to participate in the better state of things that will then be prevalent. We have all learned very severe lessons, and have been led to see that the wisest course after all is to adhere to sound, well-established principles which are the fruit of experience.

We have learned that caution and prudence are the most valuable qualities that bankers can possess; that it is better to pass business by than to incur unreasonable risks; and better to keep our money locked up in the safe, or employed on undeniably security at a low rate of interest, than to trust it with men of large ambition and small capital, who are ready to borrow immense sums on slender security."

Commercial Travellers Licenses.

A new Solomon has arisen, another Daniel come to judgment. This time the aspirant for legislative fame hails from the county of Simcoe, Ont., and takes for his theme the licensing of Commercial Travellers as the panacea for all the ills that our Country Merchants are heir to.

This Canadian Solomon has conceived the idea that Commercial Travellers are

a nuisance, that in their peregrinations through the country, they play the dunce with our innocent and unsuspecting merchants and are the cause of most of the failures amongst them. It is certainly too bad that this state of affairs should have been allowed to continue so long and that the mercantile lambs should have been so long exposed to the assaults of these travelling wolves. This is certainly protection with a vengeance, but we doubt very much whether the merchants in this county will thank this would be legislator for the estimate he has set upon their business ability.

He says his clerk has found in his researches that the City of St. John has put such a law in force. While this is no doubt an historical fact, it doesn't say much much for the citizens of St. John's, who are about as narrow-minded and illiberal a lot as Canada can produce. If the County of Simcoe wants to advance its own interest we don't think it will be by following in the footsteps of that benighted city by the sea, and passing a law that their most intelligent merchants are ashamed of.

If the merchants of the County of Simcoe have to be curbed such mercantile leading strings, it is high time they went out of the business and gave way for a younger and more advanced class of men.

But we think that when the question comes to be voted upon it will be found that this protectionist run-mad, has got ahead (or behind rather) of his compatriots and that they will fail to see things in the same light as he does.

In order that we may not be thought to be misrepresenting this gentleman, We give below an extract from his address.

"Gentlemen, -Your Clerk has brought under my notice the advisability of including in your By law, granting licenses to auctioneers, hawkers, and pedlars, the name of commercial travellers. This branch of the commercial itinerancy is fast becoming a nuisance; and to their forced sales to country merchants many of the failures among that class may justly be attributed. It has been a question of doubt whether municipal bodies had the power of imposing a license on them, but your Clerk has shown me, by the public press (THE GLOBE), that the City of St. John, New Brunswick, has raised the license to \$75 per annum, and a fine of \$100 for any following the calling without such license. If the Council have not the power of passing By laws for the