

five two; and men that had given mortgages at fifteen and twenty dollars an acre found, when they could only sell to actual settlers, that five dollars an acre was the utmost they could get for the best lands. Loan companies that had lent money on security of prairie lands, town lots, stores, churches, and warehouses, found that the security in hundreds of cases would not realize half or a quarter of the loan.

As to the banks, nearly all their mercantile customers had become entangled in land speculation, and were caught in the reaction. Their trade bills were largely drawn on men who had speculated and failed. Many of these bills represented goods of the extravagant style before mentioned, which goods were never paid for by the purchasers. Some bills were for more than the makers owed, and some were downright forgeries. Manufacturing enterprises, saw mills, foundries, fisheries and such like collapsed. Thousands of speculators whose operations had once made business to boom, left the province bankrupt. Failures mounted up to terrible figures. The banks had their cases full of past-due bills. In one town every single trader, with one exception, became insolvent. In that town the losses of the Merchants' Bank amounted to seventy-five per cent. of its whole discounts. Some ambitious churches now became practically bankrupt, and made proposals of compounding with their creditors. This revulsion, however, never became a panic. It was exactly like that of 1857 in that it dragged along for years, bearing down with an increasing heaviness as the years passed on. Its effects were not confined to Manitoba, but were felt in all parts of Canada. Three important customers of the bank who were utterly unconnected with Manitoba in the way of business, failed in after years owing to their speculations in the time of this land boom. As to our customers in Manitoba itself, only a few of them survived. We had made very heavy profits during the time of the inflation, but with all our care, and the constant directions given to our managers, they could not help their judgment being *biased* as to the character of the transactions offered them. Masses of landed property came into our hands, formerly belonging to our customers, and held by them at inflated prices; also endless claims against traders, customers of our customers, scattered over distant parts of the immense interior. To deal with these I organized a separate department of the office in Winnipeg, and it was only after many years that its functions ceased. We wrote off large sums for losses year after year, but I fancy other banks (for by this time there were others in the Province) had at least as severe an experience as ourselves proportionally, and one of them (not now in existence) a far worse. For our profits exceeded our losses considerably.

#### THE BANKERS' ASSOCIATION.

The general managers of the banks had met, as usual, in Ottawa in 1881 for the purpose of conferring with the Finance Minister, and on the journey home the suggestion was made, I think, by Mr. F. W.