

obstinate adherence of a few persons here and there to a barter system of pounds, shillings, and pence, it may be said with truth that the dollar is our standard. The dollar, however, is gold, and always has been. (Applause.) Here, however, the resemblance between banking in Canada and banking in the United States comes to an end, with the exception of those fundamental matters, essential to the very idea of the of the business which are common to bankers in all countries.

The points of difference are both numerous and important, and in these points it will be found that the underlying idea in its inception was British. To speak more accurately I should say rather Scottish. A large portion of the early mercantile element of the Dominion of Canada was from North Britain. It was natural, therefore that in existing banking institutions the mode of Scotland should be largely before the eyes of the community, especially as the Scotch system has proved in its working—spite of occasional disaster—one of the finest ever contrived and carried out by the wit of man. In pursuance of this idea, a few banks of large capital were established, each having a separate act of incorporation in the great mercantile centres, first in Quebec and afterwards in Montreal, Halifax, St. John, Toronto, and other centres of business. The bank, through the framework of banks was British, the details of the acts have been largely American. As settlements progressed and thriving towns sprang up and afforded good openings for banking, the banks in the centres established agencies or branches exactly as the great banks of Edinburgh and Glasgow had done before them. Thus, with a few exceptions, every bank in Canada presents this aspect. It has a head office located generally in a large city, and it has more or less of other offices (in which most of the rights and powers of the corporation are exercised), scattered over other cities and towns of the Dominion. The four largest banks in addition to these have offices in New York and Chicago. A large part of the shipping trade of Canada arises out of the St. Lawrence route from the west, and for banks doing a large foreign business in Canada, an office in New York, the great centre of foreign exchange is almost a necessity.

The Bank of Montreal, our largest institution, has its own office in London, England. The Bank of British North America, though like the rest, subject to the banking law of the Dominion, has its head quarters or Board of Directors in London. It is, however, the only bank among us that has its centre abroad. Canada, unlike most British colonies, is served almost wholly by institutions that have had their growth, development, and management from within her own borders. In banking we have been always practically independent, though we have never needed to issue any "declaration" to that effect.

It may be interesting to go into details for a moment and present a brief outline of one of the larger Canadian banks as it presents itself to an observer. The Bank of Montreal is obviously the best example for the purpose. This bank, like every other amongst us, was originally constituted by special Act of Parliament. This was its charter. The separate charters of all the banks have for some ten years back been continued by one general uniform Act, but originally there were diversities.

However, it is only a type of the rest. The Bank of Commerce, with headquarters in Toronto, has offices in Montreal, Ottawa, Hamilton, London, and numerous other towns. The same may be said of the Merchants' Bank of Canada, and of the Bank of British North America, the latter having branches in San Francisco. Each of the three last named have branches in Portland, Oregon, Chicago and New York, and have with the banks of America, as strong an interest as ourselves in mitigating the oppressive tax-

tion to which, shall I dare to say, not over-wise legislatures subject an interest which is the very life blood of the commerce of the country.

With respect to the redemption of notes and the maintenance of reserves, the notes of Canadian banks are now and always have been subjected to a continual process of redemption. Notes of other banks are sent in for daily settlement in gold or legal tender, exactly as cheques are sent in. Strictly speaking, however, these notes are not redeemable except at the office whence they were originally issued, and which is usually the central office only.

There, consequently, the principal reserve of gold cheque tender notes is kept. The banks, by mutual arrangement, make their settlements in the towns and smaller cities by drafts on their respective headquarters or on a redemption centre, like Toronto. In Montreal, settlements are entirely in specie or legal tender. This conduces to economy of resources. But in Toronto, Quebec, Halifax and St. John's, settlements are almost wholly in gold or its equivalent. Banks not having their central office there require for this reason to keep a portion of their revenue at these points.

The favorable and unfavorable features of the Canadian system were referred to in the paper; one advantage cited being that it gives to depositors the security of a concern with a large capital and double liability behind it, while it secures to industrial enterprises in small towns an amount of accommodation that no local bank could give. But among the drawbacks is this: that the placing of large sums of money in small villages often encourages unhealthy development of business. The system, however, exists. It has taken root, and it is not likely to be changed. And with whatever drawbacks it may be attended, there can be no doubt that it has the effect of training great numbers of men amongst us to habits of wide and accurate observation, of large generalization, of careful judgment upon the great movements of commerce and speculation over the vast area of this continent. It necessitates a watchfulness over reports, circulation, discounts, reserves, which is of great value, and to it doubtless we owe the fact, already referred to, that bank failures in Canada have been of rare occurrence, and that the losses of the public by them have been so small that scarcely any fraction would express it.

The banks of Canada differ from those of the United States, and are like those of Scotland in having a free circulation limited only by the amount of their paid-up capital.

For this they have had to contend strenuously against attempts to abolish the existing system and to substitute therefor a circulation composed of Government notes. We opposed this and contended that under the pressure of circumstances, these would become irredeemable and a source of disaster to the community. We pointed out that every Government currency then circulating was at a discount. We said that if the Government desired to borrow, it should do so in the open market of the world. We took the broad ground that—although no doubt the function of the Government was to stamp coin—the function of redemption could only be successfully performed by bankers. These arguments prevailed to such an extent, that only a partial issue of notes took place, the Bank of Montreal agreeing to circulate a certain amount of Government notes. Since 1871 the system has continued and extended on a purely Governmental basis, the Bank of Montreal resuming circulation of its own notes.

The speaker then referred to the attempt to assimilate the working of the Canadian system to that of the American, which met with strenuous opposition from many of the banks, and to the Government returns, which were more ample than those in the United States and carefully scrutinised by inspectors and by the public. There was no special tax, he pointed out, on banks in

Canada. The Government had seen that such a course would burden trade, hamper manufactures, and injure their own revenues. The Government of Canada was, he asked to be allowed to say, more amenable to public opinion than that of the States, and if there existed such an iniquitous tax as that imposed on the United States banks there would, he thought, be such an agitation for its repeal that no Government would dare to resist it. (Loud applause.)

At the conclusion of Mr. Hague's address the President said the thanks of that Convention were due in an especial degree to Mr. Hague for his instructive and very interesting paper, which was ordered to be printed and embodied in the proceedings of the Association.

**GROWTH OF TIMBER.**—As a result of observation, and from the testimony of experienced persons, the following is about the average growth in twelve years of the leading desirable varieties of timber, when planted in belts or groves, and cultivated:—White maple, 1 ft. in diameter, and 30 ft. high; ash, leaf-maple, or box elder, 1 ft. in diameter, and 20 ft. high; white willow, 1½ ft. in diameter and 50 ft. high; yellow willow, 1½ ft. in diameter and 35 ft. high; Lombardy poplar, 10 in. in diameter, and 40 ft. high; blue and white ash, 10 in. in diameter, and 25 ft. high; black walnut and butternut, 10 in. in diameter, and 20 ft. high.

## Commercial.

### MONTREAL MARKETS.

MONTREAL, August 18th, 1881.

As a rule the wholesale markets for the past week have been quiet; the amount of business doing is, however, in excess of the corresponding period of 1880. Dry goods people are busy filling orders sent in by travellers, which are both large and numerous, and prospects are good for a large Autumn trade being done. There has been a much better demand for flour for shipment and also for grain, but recently the demand for the latter has been checked by the advance in Chicago. Groceries are quiet and Sugar has a downward tendency, stocks accumulating in refiners hands. In drugs, Opium has declined, owing to large crops. The stocks of flour and grain in store yesterday were as follows:—

	Aug. 15, 1881.	Aug 1, 1881.	Aug. 15, 1880.
Wheat, bush .....	127,875	191,787	110,530
Corn, bush .....	132,623	112,984	16,600
Pease, bush .....	4,923	11,475	6,780
Oats, bush .....	59,170	41,454	72,442
Barley, bush .....	.....	.....	4,134
Rye, bush .....	46	46	1,511
Flour, bbls .....	47,847	51,108	31,855
Rye flour .....	.....	.....	.....
Oatmeal, bbls .....	880	969	216
Cornmeal, bbls .....	148	195	584

**ASHES.**—*Pots*.—Market quieter; \$5.25 was readily paid some days since, but at the week's close sales were reported from \$5.25 to 5 30 for firsts, inferior sorts in proportion. *Pearls*, very quiet, only one sale reported during the week, and that on p t.; the nominal price is \$5.70. Stocks at present in store are *Pots* 436 bbls., *Pearls* 57 bbls.

**Boots & Shoes.**—The is no change to note since last report. Payments for Spring purchases have been exceedingly good. Prices continue unchanged as under: *Men's Stoga Boots*, \$2.00 to 3.00; ditto *kip Boots*, \$2.50 to 3.25; ditto *French Calf*, \$3.25 to 3.75; ditto *Buff Congress*, \$2.00 to 2.25; ditto *Split Brogans*, \$1.00 to 1.10; *Boys' Split Brogans*, \$0.85 to 1.00 do., *Buff and Pibbled Congress*, \$1.25 to 1.50; *Women's Buff*