MERCHANTS BANK OF CANADA

Report and Proceedings at the Annual Meeting.

ADDRESS BY MR. HAGUE.

Business of Banking and Condition of Commerce Reviewed—The Bank's Progress—Expressions of Thanks.

The annual general meeting of the shareholders of the Merchants' Bank of Canada was held in the board room of that institution at Montreal on Wednesday, June 9, at noon, when there were present Messrs. Andrew Allan, Hector Mackenzie, Jonathan Hodgson, Robert Mackay, Thomas Long (Toronto), T. H. Dunn (Quebec), John Cassils, James P. Dawes, directors; M. S. Foley, Charles Alexander, John Morrison, John Crawford, Thomas D. Hood, James Williamson, Murdock McKenzie, A. McDougall, A. A. Ayer, J. P. Cleghorn and Michael Burke, G. M. Kinghorn and others.

The proceedings opened by Mr. Andrew Allan, President, taking the chair, and requesting Mr. E. F. Hebden, superintendent of branches, to act as secretary.

Mr. Hebden having read the notice convening the meeting, the President submitted the following

Report of the Directors,

The Directors of the Merchants' Bank of Canada beg to report to the stockholders that the result of the year's business has been as follows:

The net profits of the year, after payment of interest and charges, and deducting appropriations for bad and doubtful debts, have amounted to	$542,439 92	
Balance from last year	79,277 30	
	$621,717 22	
This has been disposed of as follows:		
Dividend No. 56, at rate of 8 per cent. per annum	$240,000 00	
Dividend No. 57 at rate of 8 per cent. per annum	240,000 00	
		$480,000 00
Carried forward to profit and loss account of next year		141,171 22
		$621,717 22

Though the business of the bank has been steadily increasing during the year, both circulation and deposits showing larger figures than in 1896, the net profits realized are not such as the directors were able to report in some former years, owing, as has been stated before, to the prevalence of severe competition and the depression under which many departments of industry and enterprise have been laboring during the year that is passed, and also to adverse conditions of business in the United States. Nevertheless the net result enabled the sum of $62,500 to be added to surplus profits, after payment of the usual dividends.

Your directors have again to report the loss of a valued colleague, the late Sir Joseph Hickson, whose vigilance, wide experience and large grasp of the business and financial affairs of the country enabled him to render essential service to the bank during the whole period of his incumbency of the office.

To fill the vacancy thus occasioned your directors, after full consideration, concluded, in view of the large interests of the bank in Western Ontario, to appoint Mr. Thomas Long to the office, a gentleman whose large mercantile experience and wide connections in Ontario will doubtless enable him to render essential service to the bank.

The General Manager some time ago informed the directors that it was desirable that some provision should be made looking forward to a successor at some future day to the office which he held. With a view to this your directors have appointed Mr. Thomas Fyshe, for many years cashier of the Bank of Nova Scotia, a banker of wide experience and proved ability, to be joint general manager of the bank. They have, however, secured the services of the present general manager for some years to come. These arrangements, they hope, no doubt, will be advantageous to the bank's interest.

The customary inspection of the branches of the bank has been made. The officers of the bank have been zealous and faithful in the discharge of the duties respectively assigned to them, and are deserving of the thanks of the stockholders therefor.

All respectfully submitted.

(Signed) ANDREW ALLAN, President.

Montreal, June 4, 1897.

Statement of Liabilities and Assets at 31st May, 1897.

LIABILITIES.

			Last Year.
1.—To the Public.			
Notes in circulation		$ 2,557,662 00	$ 2,315,031 00
Deposits not bearing interest	$ 2,554,992 33		2,091,933 33
Deposits bearing interest	8,765,341 38		8,664,944 01
Interest due thereon to date	78,565 19		73,085 95
Deposits of Canadian banks keeping accounts with this bank	670,447 98		531,832 78
		12,069,347 51	
Balances due to Canadian banks in daily exchanges		1,431 79	1,570 84
Balances due to banks and bankers in United States			20,288 87
Balances due to agents in Great Britain		373,080 66	481,219 50
Dividend No. 57		240,000 00	240,000 00
Dividends unclaimed		1,398 00	1,402 00
		$15,042,928 36	$14,421,317 28
2.—To the Stockholders.			
Capital paid up	$6,000,000 00		$6,000,000 00
Rest	3,000,000 00		3,000,000 00
Surplus profits	141,717 22		79,277 30
		$ 9,141,717 22	
Contingent account		74,695 00	95,095 00
		$24,259,340 58	$23,595,689 58

ASSETS.

Gold and silver coin on hand		$ 372,580 80	$ 370,200 22
Dominion notes on hand		1,044,748 00	842,101 00
Notes and cheques of other Canadian banks		720,125 59	530,904 64
Balances due by other Canadian banks in account and daily exchanges		121,031 34	85,379 97
Balances due to agents in the United States		604,978 14	
Dominion Government bonds		957,007 32	938,178 32
Railway and municipal debentures		398,928 86	403,060 31
Call and short loans on bonds and stocks		1,350,163 82	911,490 25
		$ 5,549,563 97	$ 4,081,323 71
Total assets immediately available			
Time loans on bonds and stocks	$ 555,574 00		$ 230,353 50
Other loans and discounts (less reserved for rebate)	16,804,136 61		18,022,604 91
Loans and discounts overdue (loss provided for)	147,454 80		210,117 16
		$17,507,165 50	
Deposit with Dominion Government for security of note circulation		159,312 70	150,312 70
Mortgages, bonds and other securities the property of the bank		352,514 11	281,292 88
Real estate		26,897 18	37,745 70
Bank premises and furniture		559,848 70	556,742 33
Other assets		14,038 42	16,126 69
		$24,259,340 58	$23,595,689 58

(Signed) GEORGE HAGUE, General Manager.

The President then moved, seconded by Mr. Hector Mackenzie, Vice-President:

"That the report of the Directors, as submitted, be and the same is hereby adopted and ordered to be printed for distribution among the Stockholders."

The General Manager.

The President then called upon the General Manager for a few remarks upon the financial outlook.

The General Manager said: I do not know what impression the figures of our profit and loss statement produce upon you, but to me they are not satisfactory. We would like to show a better return of profits than we do. Instead of a little over 9 per cent. net for the year, we certainly would like to see it 10 at least, which, on our large capital, might be considered fairly satisfactory. I emphasize the words "large capital," for it is large in proportion to the volume of the business we do, or can do, without an amount of pushing, which would not be profitable in the end. That we could do all the business we do, or are likely to do, on a smaller capital, and make a relatively larger return upon that capital, I am well assured. I am saying this simply that you may not be dissatisfied with the small percentage of profits that the Bank makes, as compared with those whose capital is smaller.

But we are making less net profits than we used to do. That is an undeniable fact. This arises, not because our own business has fallen off, for it has not. Our business is well maintained in volume, but the ratio of profit for doing that business has seriously diminished.

I have referred to

COMPETITION

more than once, and have said that such competition as we have is not always wise and reasonable, but my saying so will probably not diminish it. I, therefore, only remark that the managers of the Bank, from the principal executive officers here to the smallest branch we have, are constantly on the alert and alive to the necessities of the position. Our rule is to keep our business together, and to do this we often have to submit to what are not very reasonable terms at times as respects commission and exchange. This kind of competition we are meeting constantly. But the competition which leads to demands for lending sums of money, and, in some cases, very large sums, without security, is far more dangerous. We have, therefore, at times to make up our minds to let business go rather than to incur risks which might result some day in appropriations for losses.

If other banks are willing to take such risks as these it is their own affair, and concerns only themselves and their stockholders,—at any rate for a time. I say for a time, because we have seen more than one instance, during the last few years, in which this style of business has brought down the bank itself, and done much harm to the banking interests generally. It is then that stockholders realize, when they have lost all their property, and perhaps have to pay contributions on their double liability besides, what a serious business banking is, and how necessary it is for Directors and General Managers, while conserving all good and safe business, to have the courage to let undesirable and unsafe accounts be closed.

To do this, without infringing upon the profit-earning power of the Bank, requires constant watchfulness and vigilance, for the circumstances of mercantile firms and customers are, as a rule, constantly changing. Some are improving and some are retrograding.

In our own experience we have found again and again that customers who, by force of circumstances, have got into a dangerous position, have pulled themselves up, economized, overhauled every department of their business, cut off unprofitable parts of it, and so, in time, have brought themselves round to be amongst the solid and reliable firms of the country.

On the other hand, I have known instances again and again, where a firm that has acquired a good position and a considerable surplus of capital has been led, sometimes by unwise extensions on borrowed money, sometimes by relaxing in to carelessness, sometimes by the death of an experienced partner and the business falling into the hands of those who are not competent to conduct it, to drift into unsoundness. In one or other of those ways firms degenerate and become unsafe to deal with. Such cases a banker has the foresight and judgment enough to see all this, and courage to take the necessary measures to guard against it, he will continue doing business until the shock of bankruptcy awakens him.

A firm may be pursuing the downward course without knowing it, and deluding themselves with a rose-colored style of balance sheet, wherein imaginary profits are supposed to be made, grounded on a foolish style of bookkeeping or overvaluation of stock and bills, or accounts due.

When a firm is in this position, a reminder from a watchful and faithful banker, in the shape of a demand for curtailment of loans, or a demand for further security, may often be like a foghorn which will warn of approaching danger, and which, if heeded, may result in another course of management being adopted, danger averted, and position retrieved. But when such a signal is resented, and the position met in other ways, the mischief goes on and will continue to go on until the ship strikes upon the rocks of insolvency.

It is with these conditions that we have to deal day by day.

I could wish that sometimes we could deal with them better than we do, that we had more foresight, and better judgment and more courage. I can only say that we do the best we can.

It was once said to a bank director that banks might avoid all danger by investing all their funds in Government securities. That would make the life of a general manager a very easy one; but then the stockholders would have to be content with 3 or 4 per cent. per annum, a rate which, I suppose, would hardly satisfy you. Besides that, we should not do what is the great object for which we are chartered, viz., to assist in carrying on the

BUSINESS OF THE COUNTRY.

We are bound to render this assistance, for the commerce and business of the country is the natural element in which banks live; if we go out of it, we have no right to exist at all. Laborious and difficult, and sometimes harassing beyond measure, as it is to watch all the fluctuating currents of business in general, and of the fortunes of our customers in particular, the directors and managers of a bank are bound to exercise this function. To do this we cannot but be exposed to losses, and our utmost vigilance and experience can only result in diminishing these to the smallest possible amount. Along with this we have, of course, to be vigilant and watchful at all times to see that the business yields us a proper return of profit.

Now, then, seeing that our interests are so inseparably bound up in the interests of the business community of Canada, and so far as our office in New York is concerned, in that of the United States, you will pardon me, I am sure, if I dwell for a moment or two on the general conditions through which we have passed last year, and such as prevail at present. I can only speak, of course, in the broadest and most general terms. But I will endeavor to run over them rapidly and briefly.

With regard to production and manufacture, some branches have been prosperous enough in some localities, and others very much the reverse.

The men who have grown grain on our

NORTHWESTERN PRAIRIES

have, as a rule, done well, many of them exceedingly well. The yield was a good average one, and, though much less in quantity than that of 1895, was very much better in quality, and brought a much larger price.

A tract of country which produced little but furs, and had little or nothing in it but wild animals and the establishments of the fur trading corporation of the Hudson's Bay Company 25 years ago, and which produced 60,000,000 bushels of grain in 1895, besides raising large quantities of cattle and dairy produce, is not the kind of country that some very ignorant people assert it to be. For there is, perhaps, no tract of country in the world where the labors of so small a number of people have produced such enormous results. Yet the development of the country is only beginning.

There is room, easily, for five times as many farmers in Manitoba and adjoining territories alone, and it certainly would be good policy on the part of the British Government to aid in every possible way the diversion of the stream of emigration from her shores to those vast food-producing regions held under the British flag, and whose productions, in another decade or two, might render her independent of all other sources of supply.

The grain and dairy industries of

ONTARIO AND QUEBEC,

have yielded fully their usual average, taken all round. It is again to be noticed how the dairy industry is increasing in prominence and importance. The exports of cheese were very large, and at highly satisfactory prices.

The exports of butter were larger than they have been for many years, but this branch of export might be quadrupled if the article itself could be produced of a higher quality, and take the same rank in the English markets that our cheese has done.

It is satisfactory to note that the efforts made both by the Dominion Government and the Governments of the Provinces are being rewarded by satisfactory developments, which developments give promise of far larger returns in future, especially taken in connection with cold storage.

LUMBER AND TIMBER.

The lumber and timber production which comes from cutting down our forests has had a varied experience during last year. The timber and deals exported to England have met a good market, and satisfactory prices have been realized both by the manufacturer and the exporter. But that branch of the industry which is concerned in production for the United States has been met by adverse conditions and is likely to meet with conditions still more adverse by unwise tariff legislation, unless, indeed, the increased duty on lumber raises the price to the consumer. But it is not merely a question of price, but of the inactivity of the market, and this has affected the large mass of manufacturers of lumber in the United States themselves.

Defective currency and banking arrangements in that country affect this lumber industry perhaps more than any other. Many large tracts of country in full cultivation and occupied by thrifty farmers have no banking facilities at all, and, as has been recently testified, scarcely ever see anything in the shape of money, either coin or bills. It is not likely that any improvement in the demand for lumber can take place under such circumstances.

There is a branch of forest industry which has been coming into more and more prominence during the last few years, and it is most satisfactory to think we have still such large reserves of wealth in our woods.

The raw material for the manufacture of paper has become more and more dependent every year, the supply of spruce trees, the smaller class of these are of little or no value for lumber purposes, but they prove exceedingly valuable in the

PRODUCTION OF PULP.

Large tracts of our country from which all the available pine has been cut contain vast quantities of trees suitable for this manufacture. Already large pulp mills have sprung into existence, some in connection with established paper factories, some of them depending upon an export trade to the United States or to England.

It is a pity to export such very raw material as spruce logs, and surely we may look in time for the establishment of a sufficient number of mills to ensure that either the pulp itself or the paper made from it will be the article exported.

The proposal to put an export duty on logs, both of pine and spruce, has much more than a political aspect. I will not say a word on any question of politics. It would be unseemly in an address like this. But an export duty has a far more important aspect as a means of conserving our great forest wealth, a wealth which can never be exhausted if it is once established. At any rate, this matter of the conservancy of our forests is worthy of the attention of our respective governments, and they are nearly all interested in it.

The conservance of our forests has been a matter of consideration and discussion again and again. The indiscriminate granting of leasing tracts of country, technically called "limits," makes it the interest of every owner of them to protect every good tree, for his own sake. And our interest, as you know, is a pretty strong motive. But sometimes the interest of the individual and the interest of the nation do not coincide. It is well known that on the Continent of Europe, where large forests or pine and fir exist, the whole matter of the conservancy of forests is under Government control, and no trees are allowed to be cut down but such as have been marked by forest rangers as suitable for the purpose. By this means a succession of trees is secured and the forests made practically inexhaustible from generation to generation.

We have had in former years such enormous areas of forests that such proceedings would seem unnecessary. But the time is undoubtedly coming when the supply of available merchantable timber will be so reduced that for the sake of the country's general interest some means of protection may be found desirable.

With regard to

MANUFACTURING,

without venturing upon disputable ground, it may fairly be said that a country having such great development of water power as Canada has, and such a command of many raw materials as are within our reach, may surely extend a certain portion of her energies in the direction of manufactures. It was round the water powers of the country that nearly all the staple manufactures of England and Scotland were first established. The great development of the colliery interests afterward introduced other conditions. But we have these in Canada, too; and where the power and the raw material can conveniently be brought together, there manufacturing industries cannot be said to be an exotic. That the development of these industries promotes the increase of population and the general prosperity of the country can scarcely be disputed; and it can hardly be doubted also that the fostering and encouraging of such industries in their early stages is worthy of the attention of any Government. So far I think I enter upon no disputable ground.

I may say this, however, that it is hopeless for manufacturers of any kind, in these times of keen competition, to make profit on their business unless they have the latest appliances of power, the most skilful management in production, the best adaptations of labor, and the best facilities of transportation and communication. Along with these it is becoming more and more essential that a manufacturer shall have his specialties, that is, that he should produce some goods which are his own, known by his name, which will be such a guarantee of goodness that the name will sell the goods, as with "Rodgers'" cutlery, or "Horrocks'" sheetings. When a manufacturer attains a position like this, and has his arrangements to keep it, he is a long way towards permanent success and wealth. In some branches of manufacture and production we have attained this position. Certain brands of flour are well known in foreign countries, as well as certain brands of cheese, and even of deals and timber. A customer of our own has established the reputation of his brand of eggs in the English market, and enquiries are made for it by dealers there. We are exporting furniture to South Africa, agricultural implements and other articles to Australia, butter to Japan, and leather in large quantities to England; and if attention is only paid to quality, to good make-up, and to the exact needs of the market, there is no reason why all this should not develop very largely. In such matters as butter or apples, it is not sufficient to have simply a good article, it must be well and tastefully packed, according to the fancies of the market it is sent to, or they can never establish themselves in general favor.

Our apple exports of last year were frightfully injured by want of care in packing, and the trade injured to an extent that it will take considerable time to recover from. Our orchards are well known to be among the best in the world, and so are our vineyards and peach gardens. I mention this for the benefit of any who may happen to read these words to dispel the impression that Canada is a land of almost perpetual snow. I do not think we are at all obliged to the enterprising English poet who lately sang our praises as the "Lady of Snows." We have snows, it is true, and exceedingly useful they are, as fertilizing the ground for the spring and summer and enabling us to produce such fine peaches, grapes, melons and apples as we do. While on this subject I may venture to say that much harm has been done to the country by the multiplication of snow pictures. We have had altogether too many of this sort. It would, I think, be a profitable venture if an illustrated book were published showing what Canada is in summer.

Our fruit industry is increasing every year and it is well worthy of all the care and skill expended upon it. Properly pursued, it is, perhaps, the most profitable branch that arises from the cultivation of the soil.

MINING.

The coal mining industries of Nova Scotia and New Brunswick have yielded very fair returns during the year. The application of skill, science and the latest improvements in machinery have had noticeable results in this important branch.

But Canada has had during the last year or two a most remarkable development in mining in British Columbia. Gold mining there is no new industry. The mines of the northern parts of the province at one time excited as much attention as those of Australia or California, but the results did not correspond. The newer developments are in a region almost unheard of until within the last few years. The results are far more promising than anything that has been known in that province before; and the developments continue. The exports both of gold and other metals have been very large, running up into millions. We have not thought it desirable to extend our system of branches to the Pacific coast, owing to its great distance and the difficulty of exercising proper control over offices so remote from our centre. We share, of course, in the developments of this province indirectly through the medium of our customers who trade with it. It is to be much regretted that the rapid development of gold mining has led to such an enormous multiplication of schemes, ostensibly for gold mining, but which have very little of an industrial character about them. Large numbers of them are the merest frothy bubbles of a speculative spirit, and will only result in loss to those who have been unwise enough to venture their money in them. There is generally a good deal of this kind of speculative excitement about all new mining enterprises. In the course of a year or two matters will settle down to a solid basis of business founded on production, when all parties will know where they really stand.

THE IMPORTING TRADE

of the country in its various branches has, on the whole, experienced another unfavorable year.

In the great dry goods branch the pressure of competition is more and more keenly felt. English houses are pushing their trade among the retailers of Canada, and the great department stores are also pushing their way amongst the consuming class—thus cutting off the demand upon which storekeepers depended for subsistence. All this has led to keener competition, while the expenses of carrying on business have rather increased tha notherwise.

If recent times have made necessary to apply trained skill, experience, energy and economy to this class of business, otherwise the making of profit is hopeless. In addition to this, the supply of stocks during a smaller class of these are of little or no value for lumber purposes, but they prove exceedingly valuable in the

PRODUCTION OF PULP.

The importers of groceries, hardware and other important articles carry on their business under different conditions, but in their cases also the same general rules are essential to success, viz., to meet increasing competition by increasing energy and attention to business, increasing expenses, keeping stock low, buying in the best markets and watching credits with a vigilant eye from day to day. In addition to all that has been said it is apparent that the necessity of a considerable capital is pressing upon traders with more and more force every year. Young and younger firms especially, require to be most cautious of the decrease of their capital by the retirement of partners. Many a house has been crippled from this cause even when payments are spread over a term of years. It sometimes happens that those years are just those in which a diminution of capital cannot be afforded without crippling the business. Arrangements should generally be made that in case of death the capital to be drawn out may be replaced by life insurance. The danger arising from withdrawal of capital is avoided by business being done on the joint stock principle. Where a manufacturing concern has a large part of its capital in the shape of fixed property, plant and machinery, the withdrawal of capital, even to a moderate extent, might bring the whole concern to a stand. In such cases, to do business as a limited company is almost a necessity. There is, of course, a certain danger that the business may not be as sharply supervised and economically conducted in the shape of a joint stock company as when partners have at stake all they are worth in the world. This can be guarded against, so far as banks are concerned, by the good and wholesome rule that advances to a joint stock company, where the great bulk of the stock is held by one person, as is sometimes the case, shall be guaranteed by that person. But a system of life insurance should always be employed in such cases, capable to guard against the death of partners in private firms and the possible embarrassment to remaining partners. It goes without saying that any prudent man may legitimately consist of his capital in a manner as to guard against embarrassment in case of death. There cannot be too many safeguards thrown around capital employed in business. It is becoming more and more of the essence of stability and success that capital shall be of considerable amount and continuous.

GENERAL PROGRESS.

As we are all celebrating the sixtieth anniversary of our good Queen's reign, it may be well to compare the condition of banking in Canada as it was at her accession with its condition as at present.

Eighteen hundred and thirty-seven was a year to be remembered in Canada as the time of the Rebellion.

But previously to that, and for some time, banking had received a considerable development.

The capital of all the banks, comprising four in this province, three in Upper Canada, as well as those of the Maritime Provinces, was, in 1837, $6,100,000. The capital at present is $91,003,524. And the rest or surplus funds at that time were a mere nothing. Now they amount to $26,780,000.

The deposits of the banks sixty years ago were $2,560,000 in all. They are at present $206,652,000.

The circulation was $3,600,000 in all. It is at present $30,814,923, in addition to which the Government circulation is $7,316,583.

The loans and discounts were $11,520,000. They are at present $217,158,000.

The most noticeable feature here is the extraordinarily small amount of the deposits, which in all the banks of the country amounted to the insignificant sum of $2,560,000, against $206,000,000 of bank deposits now, to which should be added $82,000,000 more for deposits with the Government and other savings banks and loan companies, making $288,000,000 in 1897, against $2,500,000 at Her Majesty's accession. For at that time all the deposits in the country were in the banks.

Now, when you consider, in addition to all this, what a prodigious amount of wealth has been created in the shape of farms and farm houses, mills, factories, dwellings, stores and warehouses in the rural and urban districts; the building-up of hundreds of towns, villages and cities that were absolutely non-existent at Her Majesty's accession, we certainly must admit that of the prosperity and expansion that have been the lot of the Empire during the beneficent years of Her Majesty's reign, the Dominion of Canada has had her full share. The expansion of deposits alone is the most striking feature, and I venture to say there are very few communities of five millions of people of the same character as those of Canada, in the world, who have saved as much money in the same time.

I may, perhaps, be pardoned for concluding with a word or two in reference to myself. I have served the stockholders of this institution now for a little more than 30 years. I know well know its condition 30 years ago, and also the depressed condition of the country. During the first three years difficulties had to be contended with, which, time and again, I really thought would be unsurmountable. I remember telling the late Sir Hugh Allan on one occasion, that it required a much stronger man than I to deal with such terrible complications as prevailed during those years. Again and again I was almost in despair. Of course, I said nothing about all this, but maintained a cheerful front in the worst of times, and persevered with such strength as I had until better times came.

From 1881 the progress of the bank has been steadily upward, not as fast as we could have wished, for we thought to have had the rest up to half the capital several years before we actually accomplished it. The time, however, came when our hopes were realized, as you know, and now we are endeavoring to build up a surplus fund over and above this rest, and I hope to live long enough to see it at least amounting to half a million dollars.

But the wear and tear of these 20 years has been very great, and I have concluded to take upon me the responsibility of recommending a certain appointment to the board, for these reasons: The general management of a large bank is not a matter of routine, but of ceaseless vigilance in supervision, and energy in action, and it is becoming more so as competition becomes more keen. I have passed the limit of three score years and ten, and although possibly a man's judgment and experience may be valuable after that limit as they were before, yet his powers of vigorous action and daily and hourly watchfulness can hardly be expected to last. The administration of a bank it is not only necessary to conserve the business we have, but to be active and vigilant in embracing new opportunities. It is needful, moreover, at my age, for the succession to be thought of. This is a matter that should not be left to the chance of a career whose ability has been proved in a position of the same kind. This was the course followed at the time of the crisis of 20 years ago. I do not doubt that the result of the action now taken will be, as the Directors have expressed it, advantageous to the Bank's interests. I have no desire to screw my connection with the Bank, and the Directors have been good enough to arrange for a continuance of my services for some time yet to come. I can assure you that the best services I can give will still be rendered to the Bank in the way of supervision and direction, and the exercise of a somewhat long banking experience.

I have a large interest in the Bank as a stockholder, but I have a larger interest in the way of reputation, and reputation to a banker is as important as credit to a merchant. The best energies of my life have been devoted to its business. I have never ceased to watch over its affairs. Even in times of rest by the seaside, I have repeatedly spent hours morning in examination of the work that was being done, and in correspondence about it. This has been the case even when I have gone abroad, which I have never done without arranging for a system of cable cyphers. These have reached me time and again when in England or Scotland, or even France and Italy, and had to be dealt with there and then.

The Bank has been on my mind and on my heart for twenty years past, and if I may be permitted to hold office in it, I shall be most anxious to do so, in some form or other, as long as I live.

The Discussion.

The President having invited discussion, Mr. John Morrison said that he very much approved of the course adopted by Mr. Hague in securing the services of such a person. He had, during the last two or three years, frequently thought that such a course should be adopted, as in order to take over the management of such an institution as this Bank, some previous knowledge of its workings was necessary. In this respect, Mr. Hague, who was still an active man, would be able to guide the gentleman who had been appointed to succeed him.

Mr. John Crawford considered that the report of the directors was, under the circumstances, a satisfactory one, though it would be well if some action had been taken earlier, so as to give the shareholders an opportunity of perusing it. He advocated the payment of quarterly dividends, and said that it was a matter that should be favorably considered by the Board of Directors. It was a reasonable request, and he saw no valid reason why it should not be granted. He spoke of the need of economy in the management of a banking institution, and went on to refer to the revision of the Banking Act, saying that when the time for that revision came it would be well to amend it in regard to the electing of directors. When persons filled the same office year after year they naturally fell into a groove, from which it required a Herculean effort to free themselves. If a system of rotation were adopted, this would be avoided, and it would act as a stimulus to each of the Directors to qualify himself for the office of President. He believed that the shareholders were well satisfied with the report, although the year's transactions had not reached the point of fourteen years.

The motion for the adoption of the report was carried unanimously, after which Mr. John Crawford moved:

"That the thanks of the Shareholders are due and are hereby tendered to the President, Vice-President and Directors for the manner in which they have conducted the institution during the past year, and to the General Manager for his efficient management during the year."

He had, he said, abundant pleasure in moving that resolution, and not the less so because of the last paragraph. He was glad that it had been included, although he was sometimes very aggressive on general managers; but there were exceptions sometimes. On the whole he remarked, he was satisfied with his dividend.

The motion was seconded by Mr. James Williamson, and was unanimously concurred in.

The General Manager: With regard to Mr. Crawford's remark about the report not being in the hands of the Shareholders earlier, you will remember that last year the time of the annual meeting was changed to a week earlier, and that is the reason why the report and financial statement were not in your hands until one or two days ago. It takes a long time to prepare them, and previously we had a week earlier, and consequently you had the statements in your hands longer. Now it has been thought desirable to go back to the old time of holding the meeting, office time having been found inconvenient. About the matter of charges, I can assure you that the utmost vigilance is used in looking after the charges at all our branches, and the utmost economy pervades every department. In England and Scotland the charges are nearly all above ours. Only two are lower, and many are much higher. One of the latter is the Bank of Scotland, whose charges are much higher in proportion to the gross profits than ours, and so are those of the National Bank of Scotland; so are those of the London & Westminster; so are those of the London Joint Stock, and so are those of the London and County. I just want to say, for I have been looking into the matter, that there is not a bank in England or Scotland that shows what its losses have been, and a number of them do not show what their charges are. The Bank of England reports exactly as we do, and so does the National Provincial Bank, which is the next largest to the Bank of England.

Mr. John Crawford: How long does the President of the Bank of England remain in office?

The General Manager: The office of Chairman is taken in rotation.

Mr. Crawford: For only one year?

The General Manager: One year.

Mr. John Morrison: You mentioned the National Provincial, has it not a reserve fund and paid-up capital of $60,000,000?

The General Manager: Its capital is $25,000,000. I don't know exactly what the reserve fund is. Its deposits are 15 times as much as the capital, while the deposits of the Bank of Montreal, about which Mr. Morrison appeared to be excited the other day, are only three times as much.

The General Manager then continued: With regard to this matter of electing directors by rotation, it is a question for the Board; but I will assure Mr. Crawford that it is not always safe to follow English precedent. Our circumstances are different. The banks in England and Scotland that have a system of rotation nearly always announce that So-and-So is retiring by rotation, but is eligible for re-election; and the old directors are nearly always re-elected. Mr. Morrison made some reference to expenses and the Queen's diamond jubilee. All the expenses that this Bank will incur will be for illuminating it. A few hundred dollars will do that. Mr. Crawford spoke about appointments, and thought that the shareholders should be consulted in such matters. The reply would probably come better from the Directors, but I may say that the Banking Act places the responsibility of the appointments entirely on the Directors. To submit appointments to a meeting of the Shareholders would be utterly unworkable.

Mr. Hector Mackenzie then moved:

"Whereas it has been found inconvenient to hold the annual meeting of the Shareholders so early as the second Wednesday in June;

"Be it resolved that the bylaw relating thereto be amended so as to provide for the annual meeting being held, in future, on the third Wednesday."

This was seconded by Mr. Jonathan Hodgson, and agreed to unanimously.

Mr. M. S. Foley moved:

"That Messrs. James Williamson and Michael Burke be appointed scrutineers for the election of Directors about to take place, and that they proceed to take the vote immediately; that the ballot shall close at 3 o'clock p.m., but if an interval of ten minutes elapse without a vote being tendered, the ballot shall be closed immediately."

The motion having been concurred in, Mr. Charles Alexander moved, seconded by Mr. James Williamson:

"That the thanks of this meeting are due and hereby tendered to the Chairman for his efficient conduct of the business of the meeting."

The motion was carried unanimously, and the President having thanked the Shareholders for their consideration, the scrutineers shortly afterwards reported that the following had been duly elected as Directors:

Andrew Allan,
Hector Mackenzie,
Jonathan Hodgson,
John Cassils,
H. Montagu Allan,
James P. Dawes,
T. H. Dunn,
Robert Mackay,
Thomas Long.

The meeting then adjourned.

The new Directors met in the afternoon, when Mr. Andrew Allan was re-elected President, and Mr. Hector Mackenzie was re-elected Vice-President.

STRONG JEWISH PROTEST

Against Imparting Sectarian Instruction in Toronto's Public Schools—Consideration Deferred.

Yesterday the following memorial was presented to the Management Committee of the Toronto School Board:

Gentlemen,—It having been brought to our attention that you have been appointed to decide to-day the question of the introduction of religion into the schools which was urged by certain Anglican clergymen before the trustees, at the last meeting of the board, we the undersigned, on behalf of and representing the Jews of Toronto, take this opportunity of stating that we view with the utmost disfavor the proposal to make any innovations in this direction. To our minds the scheme that has been laid before you is, in the last degree, ill-advised, unexpedient and objectionable, and ought not to be entertained for a single moment. Though we feel confident that our interests are safe in your hands, we trust that you will not accede to a request the effect of granting which would be to encroach upon our rights and liberties, we have deemed it proper to embody in a statement the following specific reasons (among others) why the demand ought not to be conceded:

1. If the suggested change were introduced, it would not only tend to impart a sectarian bias to the character of the teaching given in the schools (which is in itself a most undesirable thing, since the teaching afforded in them should be of such a nature as to hurt the susceptibilities of none and admit of all children participating without loss or hindrance or detriment to their cherished convictions and beliefs), but it would strike a severe and perhaps well nigh incurable blow at the very root principle underlying the institution of the Public school, which is that it should devote itself to the task of educating the citizens, irrespective of denomination, faith or creed, and treat all who seek its advantages on a basis of equality without any reference whatsoever to religion. To introduce religion into the schools is to contradict the national purpose of such institutions, to make them serve private interests and to convert them into what they were intended to be—church annexes and State-subventioned mission houses. For, according to modern ideas, it is the business of the State to look after the material welfare of its citizens and not to save their souls. It is for it to further their interests and happiness in this world and to confer over into their own hands the looking after their interests and happiness in the next. Church and State must be kept apart. Politics and religion are not to be yoked in harness together. The objects and aims of the two are dissimilar; they have entirely different spheres of action and move on different planes. A man's belief is, no doubt, a very important factor; as long, however, as it does not interfere with his morality, it is his own private affair, which the State has no right to pry into—it is a thing which rests between himself and his God. For the State to intermeddle with religion, for it to attempt to decide the spiritual destiny of its citizens, for it to endeavor to enter into the question of heart and conscience, which are for the holy of holies of a man's breast, is to trespass on a domain wherein it has no jurisdiction. All that a Government has a right to do is to see that those who live under its protection conduct themselves uprightly and honestly and to adopt measures to this end. Upon all plans and forms of salvation, upon all shades of doctrine, it must look with imperial eye; it must, with regard to them, adopt a neutral position, identifying itself with all and yet with none—only taking care that the peace is kept and that the rights of all are recognized and safeguarded. As soon as the State departs from this unbiassed attitude, as soon as it recognizes one form of religion more than another, it forsakes its true functions and becomes one-sided and oppressive. We have only to read history to see what horrors have been produced through the marriage of the ill-matched couple, church and State. Under the name of religion, Governments have perpetrated all sorts and kinds of crimes. They have countenanced Spanish inquisitions, Bartholomew massacres and Smithfield burnings. Never has any good come out of the union of church and State. Only when they have been divorced have men learned to live together in harmony. Religious liberty is, in fact, the most precious possession that has been acquired by us in these modern times. Oceans of blood have been shed to secure it. Upon its altar thousands upon thousands of noble men and women have willingly sacrificed themselves. To obtain this priceless boon for humanity, hosts of martyrs have perished at the stake or have been done to death on the executioner's block. To allow religion to be introduced into the schools is to undo the glorious work achieved by past efforts; it is to yield up, in one moment, all the fruits of the victory which has been purchased at the cost of so much pain and suffering. It is to set back the hand on the dial-plate of Progress. It is to make possible a return to the conditions which obtained in the days of the rack and the thumb-screw and the torture chamber. Religion in the schools we consider the thin edge of the wedge. It is a retrograde step, which cannot fail to lead to trouble. It will open the door to all kinds of abuses and evils. If once the ferule of the schoolmaster is allowed to be ousted by the cassock of the minister, there cannot fail to come again, sooner or later, those ages of bigotry, intolerance and persecution which have left a foul stain on the fair face of civilization and supply the darkest chapters in the annals of mankind.

2. Under the present arrangements, which seem to work very well, ministers of religion, though they have not in many cases used their privilege, have the right to give religious instruction after school hours to the children. If, as suggested, a half hour for religion were to be substituted in place of something else in the morning or afternoon session, this would involve injustice on both sides. If those who did not wish to participate were sent away, they would be deprived of a half hour secular instruction, which they have a claim to, and if they were given other lessons during the half hour, they would be having an undue advantage over those whose time was being taken up by the minister.

3. Jewish children who attend the Public schools do not wish to be differentiated from their fellow-pupils. They have no wish to draw upon themselves unnecessary attention nor do they like to be looked down upon or to be singled out from the general body as if they were inferior to the rest. There is no doubt whatsoever that the proposed change will be just the very thing that would tend to produce this extremely disagreeable state of affairs. It would result in splitting up the children of every school into sects. It would breed within them clannish feelings instead of fostering in their breasts a spirit of unity, brotherhood, a common patriotism and public spirit. Instead of helping to blur and smooth over all differences it would tend to emphasize them. In the schools we would have reproduced on a small scale the sectarian bickerings and strife which characterize religionists in the great school of the world outside. In all probability, we should have the Anglican playing in one corner of the playground, the Presbyterian lads in another, the Methodist scholars in another, and the Baptist pupils in another, whilst the Jewish children, like their forefathers, driven from all society with their fellows, would have to wander around from pillar to post with no corner of a playground to amuse themselves in at all.

4. If religious instruction were to be introduced into the Public schools, the effect of the innovation would be to defeat the very object which it was intended to serve, for it would result in depleting the Sabbath schools. Parents would argue that if the Government looks after the spiritual welfare of the children they need not. Having had the benefits of religious training during the week, the children would have an additional excuse for staying away from the churches and the Sabbath schools on Sunday.

5. In the city there are over 180 churches, to each of which there is attached one Sabbath school. If, with all these institutions, the children of a city cannot be made religious enough, the reason can only be that the ministers are not doing their work properly. They are neglecting to duly utilize their opportunities, in which case they have themselves to blame.

6. Unlike the Roman Catholic minority, we Jews do not maintain, demand or wish for Separate schools. As far as possible, we try to work in harmony and hand in hand with our fellow-citizens in the interests of education, enlightenment and culture, and endeavor to obliterate all superfluous distinctions between ourselves and those amongst whom we dwell. If religion were to be introduced into the Public schools, however, we should be forced, in self defence and in order to save our children the inconvenience which would be caused them