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VOL. XXXII—No. 11,605

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About the Bank Merger

In view of the merger movement, let us take the banking situation in its popular and its truest accurate way, and how it concerns the public. The other papers are telling the story for the banks, and for the shareholders; bank managers or directors are writing most of the articles you are reading to-day in the press. That's significant!

In a bank of (1) five millions capital, (2) five millions of reserve, (3) five millions of its own note-issue, and (4) thirty-five millions of public deposits—in all fifty millions of dollars of banking funds—FORTY-FIVE MILLIONS CAME FROM THE PUBLIC. THE OTHER FIVE MILLIONS—THAT IS ONE PART OF THE SHAREHOLDERS, nine parts the public. Should the public then have a say? The Bank Act is the only place where the public, who put in most of the money, have a say.

Next, the capital of the banks is subscribed by shareholders who, once a reserve is created and never forget that a reserve is in 95 per cent. of the cases actually contributed by the public as excessive profits—the shareholders refuse to let in any new shares, except at a premium commensurate with the reserve. The public are told that the reserve is a guarantee for depositors; the shareholders regard it as a melon for themselves; and they refuse a portion of the melon to anyone except by way of premium. Some do not want to see new capital. It was so in the early days.

Next, as to the note issue that comes because of powers conferred by parliament. This is money created by parliament, and given to the banks for use in their business. A dollar of notes for a dollar of shares. They only pay interest to the state on what notes they issue above their amount of capital, known as an emergency note issue when the crops are supposed to be moved.

Now, third, as to deposits. Banks are primarily in existence to get other people's money to use in banking. And the struggle is for deposits—not so much to please loans to the people as to get the people's money to handle, sometimes even to use in forwarding enterprises that directors and friends of directors may be interested in. The invasion of Ontario by Montreal banks by way of merger is TO GET ONTARIO DEPOSITS. The branch banks are mainly as catch basins for deposits that may be used in big centres, and often in promotions.

Big mergers are to get big money collected into big places for big business—mark that all you little fish!

One root-cause of the mergers is the need the banks have of getting more money. They are slow to get it by way of outside capital. The inside shareholders impose almost prohibitive terms—they economize and try to take it out of themselves and spread the payments over. There's a Dutch thrift about this method, but it's not the way to provide big capital.

A way must be found to recast the status of the reserve fund—the melon of the shareholders. Strange as it may appear, yet we say this: that the shareholders were forced to pay their reserves back to themselves and to put it in again as new stock, the available funds would be increased by the note issue which could be made against such new capital. In other words, the fifty-million bank that formed our example in the opening paragraph, would have fifty-five millions but no reserve. And if the right on one hundred millions of reserve or all the banks were treated this way, we could have another hundred millions of available funds—perhaps as much of it on paper. We are not arguing such treatment of the reserve; we are stating a case. But the reserve kept as a shareholders' melon is one cause of forcing the banks to find more money by mergers.

And in the example of the fifty-million bank, let it be always remembered that any group that can control two and a half millions of the stock can control the fifty millions in the bank.

The one check on the banks, the one great safety valve, is that the public can withdraw deposits if they wish to. But this would paralyze business. And the moral of the situation, the one that must come up when the Banking Act is reviewed, is, how should banking be conducted primarily in the interest of the public who contribute nine-tenths and secondarily to the reasonable profit of the shareholders who put in the other tenth, and who by the double liability are liable for another tenth, and perhaps equally with either so as to provide the general welfare.

And double liability is a question of some concern to shareholders.

How to get more share capital in England and in Europe and still better, more deposits from abroad, these are the two big questions in our banking situation. The Royal Bank did the wise thing when they reserved a portion of a late issue for English subscribers.

But big mergers are a big bank trust for the big trusts and big business. The little fish can put in the deposits and those of them that want money can so elsewhere.

BIG DAY FOR MEN'S HATS

This should be one large shopping day for men for hats. The Dineen Company is receiving daily new shipments of the latest designs and that the stock embraces such exceptional blocks as those by Henry Heath of London, England, for whom Dineen is sole Canadian agent, and Dunlap of New York, the greatest American maker, should bring you to there are Christy's latest stiff felt Derby, starting at \$2.50 each. All the new silks also. Store open until 10 o'clock Saturday night.

FORE TOWNS GET HYDRO POWER

Barrie, Stayner, Collingwood, Coldwater and Elmvalle Will Be Served by Hydro-Electric Commission at Favorable Prices—Line South of Dundas Will Be Started Next Week.

Five more towns in the northern part of the province will be served by the Hydro-Electric Power Commission—Barrie, Stayner, Collingwood, Coldwater and Elmvalle. This fact was announced yesterday by the Hon. Adam Beck.

Preliminary estimates have been submitted by the commission to the Town of Barrie for a supply of power under contract between the commission and the Simcoe Railway and Power Company, developing at the Big Chute Falls on the Severn River. An extension of the lines built by the commission supplying Midland and Fenelon will be made to the five new municipalities in the hydro-electric belt. Final estimates will be submitted to these towns in the course of a week or two.

PRICES COMPARE FAVORABLY WITH THOSE IN OTHER PLACES

The prices will compare favorably with those prevailing at Stratford, St. Mary's, London and St. Thomas, in the Niagara District. Barrie and Coldwater are submitting by-laws on June 3rd and 7th. It is expected that Collingwood will take action as soon as the final estimates are submitted. This will mean much for the industrial development of the north.

CONTRACTS HAVE BEEN AWARDED FOR WORK IN DUNDAS DISTRICT

Contracts have also been let for the material for the new district south of Dundas, including Caledonia, Hagersville and Cayuga. The erection of this line will be under way in the course of a week. A considerable quantity of power in this district will be used by the Alabastine and Crown Gypsum Works. Very favorable power prices will obtain in this district.

CARD PLAYING AND DANCING

Methodist Episcopal Church is Still Undecided Whether They Are Matters of Conscience.

MINNEAPOLIS, May 10.—(C. A. P.)—Paragraph 296 of the discipline of the Methodist Episcopal Church still is undecided and the question of whether dancing, card playing and kindred amusements are to be left only to the "conscience" of the members of the church remains a bone of contention in the committee on the state of the church.

Dr. Leander W. Mulhall of Philadelphia administered a reproof to the College of Bishops of the church when he said in opposing the striking out of the section, that the bishops' duties are such that they "cannot give full consideration to the spiritual affairs of the church and their judgment in this case is not for the best."

WM. DAVIDGE NOT GUILTY

Young Man Charged With the Murder of His Wife is Exonerated by Jury.

After an hour's deliberation the jury in the case of William Davidge, who was charged with the murder of his wife, Esther Davidge, returned a verdict of not guilty at five o'clock yesterday afternoon. Davidge was immediately discharged.

T. C. Robinette, counsel for the defence, objected to Crown Prosecutor Blackstock reading the ante mortem statement of Mrs. Davidge to the jury. Mr. Justice Middleton upheld the crown and the statement was read. Mr. Blackstock strenuously objected to his lordship's charge to the jury, holding that he laid too much stress on the need for caution in receiving Mrs. Davidge's statement. Mr. Justice Middleton refused to re-charge the jury but promised a reserved case for the crown for the court of appeal if such was desired.

WM. LANKIN KILLED

C. P. R. Workman Fatally Crushed in Ward Seven Shops.

While working on an engine driving wheel in the C. P. R. shops in ward seven yesterday afternoon, William Lankin slipped and fell. In some manner the heavy wheel fell, crushing his head and chest. He was immediately taken to the Western Hospital, where he died at 4.45.

ST. THOMAS MAN KILLED

ST. THOMAS, May 10.—(Special.)—While returning from his work tonight at the hydro-electric station at the north of the city, Patrick O'Keefe, aged 35 years, fell from the high Perry Marquette bridge into a deep gully, being instantly killed.

SINGING TESTS THIS AFTERNOON

Public School Pupils Will Be Chosen for Big Concert at Massey Hall.

Twelve choirs, ten trios and 29 soloists from the Toronto public schools will sing in Wellesley School this afternoon in the preliminaries for the Empire Day competition. Each year at the Empire Day concert in Massey Hall, three choirs, three trios and three soloists sing for gold, silver and bronze medals. It is for the purpose of choosing the three of each to sing at the big concert that the competition will be held in Wellesley School this afternoon.

KINGSTON HOTELMAN ASSIGNED

KINGSTON, May 10.—(Special.)—W. A. Telfer, proprietor of the British American and Frontenac Hotels, has made an assignment. His liabilities are about \$22,000. He says he was forced to assign by reason of the hold up of the license for the Frontenac Hotel. For some reason, the license commissioners held over his license for the Frontenac, and Mr. Telfer then blocked the transfer of the British American to Messrs. Halliday and Manley. Halliday is now in charge of both hotels for the owners.

ABUQH IN TAFT PLOT?

LONDON, May 10.—Andrew Bonar Law, the leader of the opposition in the house of commons, addressing the annual love feast of the Primrose League, in the Albert Hall to-day, directly charged Premier Aquith's government with assisting the United States in its alleged designs on Canada.

FOUND TRACES OF ARSENIC

BOUND ANE, Mich., May 10.—Traces of arsenic were found in the stomach and liver of the late Spaulding of Uniquely, by Chemist R. W. Fryer and Dean Victor C. Vaughan of the University of Michigan, according to their testimony at the trial of Dr. Robert McGregor of London, Ont., charged with the murder of the Sparling youth. Experts also testified that Sparling could not have died from any alleged contagious disease.

DELEGATES HERE TODAY

OTTAWA, May 10.—(Can. Press.)—The delegates of the Brotherhood Federation left to-night for Toronto. During the day they held a meeting at St. Andrew's Church, where addresses were made and a dinner was tendered to them at the Young Men's Christian Association at which the object of the visit was fully explained.

Right Hon. H. L. Borden met the party on Parliament Hill.

TICKETS SELLERS BUSY

The ticket sellers at the Princess Theatre have been kept busy dealing out tickets for Miss Billie Burles' performance in "The Runaway" next week. Miss Burles is a great favorite here, and little said she appears to especially good advantage in this new play in which she already scored hits in various cities in the United States.



YOUNG 'DOC' MACDONALD: "Jimmy Bryce may come out all right an' Bill Taft may come up in it, but Wilf an' Billy Paterson an' Bill Fieldin's gone."

FURTHER HONOR FOR MR. RUST

Complimentary Dinner Given in His Honor by Many Influential and Appreciative Friends.

Another tribute was paid to C. H. Rust, retiring city engineer, last evening, when about 55 of his friends tendered him a dinner at the Engineers' Club. Willis Chipman occupied the chair, and among those present were Mayor Geary, Messrs. Sing, Spencer, Chisholm, Drayton, Frederic Nicholson, T. C. Irving, Dean Galbraith, Dr. C. J. Hastings and others.

Messrs. Sing and Spencer and the mayor proposed the toast to the guest of the evening, and Mr. Rust made a suitable reply. Short speeches also were made by several others, all of whom praised Mr. Rust and spoke very highly of the work he has done for Toronto. General regret was expressed that he had decided to leave the city.

At the conclusion of the dinner Mr. Rust was presented with a bound souvenir menu, containing the autographs of all the guests.

SAYS POLICEMAN CUT HIS HEAD

Friends of French-Canadian Will Ask for Investigation into Actions of Constable and Others.

Claiming that he was hit on the head by a policeman while on his way from a party, Jules Racette, a respectable young French-Canadian, lies in the General Hospital with a badly lacerated scalp. Racette says that he and a number of friends were going home last night and when crossing Wiltshire and Sackville streets they were accosted by a policeman, who, without any provocation, so Racette declares, immediately started to abuse them and wound up by hitting Racette on the head with his baton. The young man's story is believed at the hospital, while the police state that P.O. Loydick found the young man on the street, where he had fallen, and immediately had him taken to the General Hospital in the patrol wagon. No charge has been laid against him.

Racette's friends, who followed him to the hospital, corroborated his story and state that they will ask the police commissioners to investigate the case.

THE DEEP HOLE

The board of control favors the annexation of North Toronto. The sooner done the better. It will lessen the amount of street railway franchises that have to be commuted by the city in order to get single fares within its extended limits.

Another and important reason: If Toronto is to have a million people, as we believe, and if we have to provide water and streets, police and fire protection for such a number, then the burden on the property to be improved and protected the better for the older portion. By neglecting to incorporate the suburbs early we are putting greater loads upon ourselves later on.

When we took in the Midway and Marlborough and Wychwood we took in North Toronto and the Upper Canada North Toronto and we are taking over sections where the people are all well off, and where many improvements have already been done and where the Local Improvement Act could be used to the best advantage.

To put it in other words, the incorporation of North Toronto will not only have to pay for itself but will help in the general burden, and so in regard to Moore Park.

As a matter of fact, a big progressive city must carry an unproductive thing, the present city hall building, which is a suburb in Macaulay town—as the Ancient Landmarks tells us in his book. And we suppose there was a wise man in that day who opposed the crossing of the town over Leit street to take in the present city hall and Eaton's store!

HOW THE CITY HALL AND EATON'S WERE ANNEXED

Y. M. C. A. Cornerstone Laying at Six o'Clock for Specific Reasons.

Harry Ryck, the vice-president of the Young Men's Christian Association, when asked yesterday why the cornerstone laying of the central building was put at six o'clock in the evening, said:

"We put the cornerstone laying at that hour with the hope that a large number of young men and other persons employed in shops and factories might find it convenient to attend and have the privilege of hearing the address of such men as R. L. Borden, and taking part in a ceremony in which they are all interested. We seek in our association to reach and benefit as many as possible of those who work for their living, and therefore we have arranged the ceremony for this hour. The fact that our annual meeting, with a banquet at which Sir Edmund Walker is to speak, will follow at 7 o'clock, will make it convenient for our members and other young men to attend."

BETTER HOMES FOR WORKMEN

Hamilton May Guarantee Bonds of Company to Be Organized to Improve Housing Conditions.

(By Staff Correspondents.)

HAMILTON, Saturday, May 11.—Another earnest discussion of Hamilton's housing problem took place yesterday afternoon at the meeting of the committee appointed by the mass meeting two weeks ago to consider ways and means of improving housing conditions here. The members of the committee concluded that the erection of workmen's homes on the co-operative plan was the best solution of the problem, and it is likely that a company will be organized to carry out a project of that nature.

Inasmuch as the company will not attempt to make any money out of the scheme, the committee thought that they should render some support and a resolution was passed asking Mayor Lees to ascertain thru the city solicitor if the city has power to guarantee the bonds for such a company so that the same can be financed without trouble.

Another resolution was passed by the committee asking the building inspector to prepare a statement showing the number of houses of the \$12 to \$15 a month class to be built in the city this summer. Mayor Lees presided at yesterday afternoon's meeting. D. B. Wood was appointed chairman of the committee. Another meeting will be held in two weeks.

YOUNG MEN CAN ATTEND

Y. M. C. A. Cornerstone Laying at Six o'Clock for Specific Reasons.

It was announced at the armories last night that a guard of honor, consisting of 50 men from each of the city infantry regiments, and a representation from the cavalry regiments, will be furnished His Excellency, the Duke of Connaught when he lays the cornerstone of the new addition to the Military Institute on University-avenue on Saturday, May 18.

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TAFT'S FINAL TOUR OF OHIO

President Will Make Ten Speeches a Day Until the Primaries Are Decided on May 21.

WASHINGTON, May 10.—(C. A. P.)—The complete schedule of President Taft's final campaign tour of Ohio before the presidential primaries there on May 21 was made public last night.

Political advisers of the president regard his visit to his home state as of the highest importance, and Mr. Taft probably never has had a more difficult or exacting program of speaking-making mapped out for him. From the time he leaves Washington next Sunday afternoon until he returns on the morning of May 22, the president will be on the go practically every minute. His only real rests will be in Cleveland next Thursday and in Cincinnati the following Saturday and an election day, May 21. On every day he speaks he will make ten speeches, except on Saturday, May 18, when he will make twelve, and on Thursday, when he will speak at a big night gathering at Cleveland.

GUARD OF HONOR FOR THE DUKE

Fifty Men From Each City Regiment Will Escort His Royal Highness on May 18.

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BRITAIN STARRED AGAINST RUSSIA

Sentencing of English Woman for Alleged Treason Arouses Indignation—Foreign Office Urged to Act.

WARSAW, Russian Poland, May 10.—(Can. Press.)—Miss Malecka, an English woman, was sentenced to-day to four years' penal servitude on a charge of being affiliated with the Polish revolutionaries.

Storm of Protest.

LONDON, May 10.—(Can. Press.)—The Liberal morning newspapers protest strongly against the sentencing of Miss Malecka, declaring that she was sentenced on the flimsiest of evidence. They demand that the British foreign office take strong action against Russia in behalf of the woman.

Miss Malecka was arrested July 4 of last year charged with complicity in plots of the Polish revolutionaries. The British foreign office made representations to Russia, which country replied that although Miss Malecka's mother was English and her father a Pole naturalized in England, the father never had received permission to change his nationality, and, therefore, in accordance with British law, his naturalization was ineffective and his daughter was a Russian subject.

A MEETING OF BOYS WORKERS

A meeting of all those interested in the welfare of boys will be held at 8 o'clock this evening at the Moss Park Boys' Club, 123 Shuter-street, to reorganize the Boys' Workers' Union, and to listen to an address by Sydney Teller of Chicago on the boy problem. Mr. Teller is an expert along the line of supervised playgrounds and is in Toronto giving three lectures under the auspices of the Playgrounds Association. In addition to Mr. Teller's address there will be a demonstration of the use of the moving picture machine for educational purposes. All who are interested are invited.