

pose that the evil effects produced by the alleged scarcity of the precious metal will ere long disappear?

That the appreciation of gold is an abiding cause of unprosperous business and shrinkage of profits to some extent I am not prepared to dispute, but is it the only or chief cause of such shrinkage? It is held by eminent political economists that successful agriculture is the healthiest stimulant to manufacturing enterprise. It follows, I suppose, as a matter of course, that unsuccessful agriculture has an injurious effect upon manufacturing enterprise; and may not the fall in prices and the depressed state of agriculture in Great Britain be ascribed to some other cause than the scarcity of gold?—perhaps to foreign and colonial competition. Mr. Dawson, in his argument for bi-metallicism, says: "Capital is abundant, interest never was lower, farming land is cheaper than ever; but, in the face of a continuous fall in prices, with no prospect of a check, the borrowers and users of capital and managers of land can see little promise of profit." The late Hon. James G. Ross, president of this bank, predicted, many years ago, that the great ocean steamships would ruin the agricultural interests of Great Britain by carrying grain across the Atlantic at a mere nominal rate of freight. This prediction, it appears to me, has in a great measure been verified. The United States and Canada are great exporting countries of grain. Grain is wanted by the steamships for ballast. Wheat is carried across the ocean for nothing. The nominal rate of 2d. per bushel scarcely pays for the handling, and American and Canadian wheat is laid down in Liverpool and sold as low as 25s. per Imperial quarter, against which no wheat grower in England can possibly compete. Hence loss to the English farmer, diminished income to the landed proprietor, and consequent depression in manufacturing districts, and in trade generally.

We Canadians are deeply interested in the currency questions which agitate the minds of our friends across the lines. The several principal Canadian banks have branches in the city of New York, where they carry on an extensive business in the purchase and sale of exchange, and enter upon transactions of more or less magnitude pertaining to the legitimate business of banking. The New York money market has, therefore, to be closely watched by everyone connected with the direction or management of the business of banking in Canada.

The great production of silver in those States of the Union possessing mineral wealth, the purchase of 1,125,000 ounces weekly by the Secretary of the Treasury, in virtue of the Sherman Act of 1890, with treasury notes, which were redeemed in gold, made money plentiful and business generally prosperous. The steady outflow of gold, however, (amounting to over \$55,000,000 since the first of January last) created alarm, and indicated that something was wrong in the monetary system. The inferior metal was displacing the superior metal. Debts at home could be paid in silver, or its representative—the silver coin notes; but debts abroad had to be discharged in gold or its equivalent. The withdrawals of gold for shipment to Europe reduced the net gold in the Treasury below the \$100,000,000 limit of the reserve held as security for the redemption of the United States legal tender notes, the only note issue redeemable in gold, without option, of which an amount of \$335,647,000 is in the hands of the people or held by banks; then there is an amount of U. S. Treasury notes (against purchases of silver) \$133,000,000 in circulation, redeemable in gold or silver coin; but the President has stated authoritatively that no discrimination will be made against those U. S. Treasury notes, which are, therefore, also being redeemed in gold on presentation. The amount of silver certificates (redeemable in silver) in circulation, is \$321,761,000; besides National Bank notes, \$177,101,000, and gold certificates, \$101,961,000, making altogether a total amount of paper money in circulation and in banks of \$1,969,470,000—according to recent returns. Counting in the coined dollars in the Treasury—if all the silver bullion were coined there would be close upon a total of 500,000,000 silver dollars in the Treasury—a quite substantial basis for the paper circulation. But there is really no use for all this silver. It is gold that is required.

The outlook which had appeared favorable for business generally, became overcast. The purchase of silver bullion and issue of coin notes, under the provisions of the Sherman Act, seemed to be unsound policy from a financial point of view, and productive of evil in the monetary system. Distrust as to the future

prevailed; stocks and bonds fell in price. Europe called for gold; the money market became deranged. The banks adopted a stringent policy and fought shy of commercial paper, and commerce suffered in consequence. The scare appears to have partly subsided; but the currency problem remains unsolved. It is held that the present monetary system of the United States is faulty, unstable and indefensible from a scientific point of view. Whether the problem can be solved short of a trial of the silver standard is a question. The consequences which would flow from a silver standard are clearly set forth in an article in the *Shareholder* of the 19th May, copied from the *New York Journal of Commerce*. But we have only to look to India for a lesson. There, silver is legal tender. For many years the equivalent in sterling money of the rupee was approximately 2s.; but since 1873 the equivalent has fallen considerably lower, and has been subject to continual variations. "In August, 1892, the sterling value of the rupee was under 1s. 2½d. In the budget estimate for 1892-3, the rate of exchange is taken at 1s. 4d.; and the great fall in the value of silver has, during the last fifteen years, made the task of administering Indian finances more difficult than formerly. About fifteen millions sterling have to be spent in Great Britain on account of India, and these have to be paid in gold, while Indian revenues are raised in silver. Thus Rs 22,500,000 (tens of rupees) must be paid, instead of Rs 15,000,000 (tens of rupees), when the rupee is worth only 1s. 4d. instead of 2s. I need not point to the disturbance which would be produced in the commercial relations between Canada and the United States, if the silver standard were adopted by our neighbors. Although business between us has been very much restricted by the operation of the McKinley tariff, the States still stand in need of many millions of feet of our pine lumber, which would have to be paid for in gold or its equivalent.

The directors have alluded to the failure of banks in Australia. I read in the *London Spectator* that fourteen banks have now suspended, with liabilities estimated at ninety millions sterling, and probably exceeding that sum. Reconstructions are to be tried in all cases, their general principle being that depositors shall accept debentures bearing 4½ per cent., not repayable for five years. This obviates the ruin which would follow forced sales of mortgages; but it leaves the banks loaded with huge sums for interest and with little money for new business. It is feared that a fourth of over ninety millions sterling of capital is totally lost; and half so placed that for banking purposes it might as well be non-existent. It is all very well to talk of "reconstructions," but the reconstructed banks have lost through withdrawals, or have already advanced to customers all their old deposits, or they would not have suspended; and where, in the total absence of confidence, is new money to come from? As a temporary expedient for relief, the Government of Sydney has authorized the strongest banks to issue paper which shall for six months be legal tender; but is guaranteed only by the resources of the banks themselves. The expedient does not commend itself to the approval of experts. Are the banks expected to give gold for all their notes on one day, or how is a rush to change the notes to be prevented? And after the lapse of five years how are the debentures bearing 4½ per cent. interest to be paid? They will not all be paid, for if the holders want to withdraw, the banks will no more be able to pay than they are now. It is to be supposed that a way out of the difficulties will be found, for the colonies possess rich estates, and no doubt confidence will return; but until it returns, Australia will advance very slowly indeed. Such is the substance of the article in *The Spectator*, from which I have quoted, and to which I refer.

I have now only to thank you for having listened patiently to all that I have said on questions deeply interesting to those connected with the practical work of banking; but which I fear do not prove quite so interesting to others.

JAMES STEVENSON,
General Manager.

Moved by the president, seconded by Mr. W. Withall, and carried—That the report and statements now read be adopted, and published for the information of the shareholders.

After the passing of this resolution, Mr. Peter Johnston said he had no doubt that every person present on this occasion had listened with the same degree of attention and profit, as he had

done, to the very able and instructive remarks and statements of Mr. Stevenson, the general manager of the bank. In the resolution just carried, he saw provision was made for the publishing the directors' report and statements, and he felt certain that it was the desire of all present that the same publicity be accorded to Mr. Stevenson's valuable address. Mr. Johnston's suggestion met with cordial approval, and Mr. Stevenson was thanked therefor.

It was moved by Mr. J. H. Simmons, seconded by Captain W. H. Carter—That the thanks of this meeting be given to the president, vice-president and directors for their valuable services during the past year.—Carried.

The president and vice-president returned thanks.

The president, in replying, alluded to the low rate of interest with which the directors had to be satisfied during several months of the financial year; at the same time he stated that it was gratifying to be able to show that, notwithstanding, steady progress on all the lines had been made. It was always pleasant, he said, to meet the shareholders at the annual meetings and to have an opportunity of giving them full information relating to the business of the bank. The vice president made special reference to the business of the bank in Montreal, where he resides.

Moved by John Laird, seconded by E. H. Taylor, that the thanks of this meeting be given to the general manager, inspector, managers and other officers of the bank for the efficient manner in which they have discharged their duties. Carried.

The general manager, on behalf of himself and the rest of the staff, returned thanks for their friendly expressions, and gave assurance that he was always pleased at the opportunity thus afforded him, as chief executive officer, of confirming the favorable statement in the report relating to the staff.

At the request of the chairman, Messrs. J. H. Simmons and E. H. Taylor consented to act as scrutineers of the ballot.

The president having vacated the chair, and Mr. Stevenson having been called thereto, the thanks of this meeting were given to Mr. R. H. Smith for his services in the chair.

The scrutineers subsequently reported, as the result of the ballot, the following gentlemen elected as directors for the ensuing year, viz.: Sir N. F. Belleau, K.C.M.G., R. H. Smith, Wm. Withall, G. R. Renfrew, John T. Ross, Sam. J. Shaw, John R. Young.

FREEHOLD LOAN AND SAVINGS CO.

The annual meeting of this company was held on Tuesday, 6th June, in their offices on the corner of Adelaide and Victoria streets, Toronto.

There were present the following gentlemen: Messrs. C. H. Gooderham, Hon. J. C. Aikins, H. S. Howland, Hugh Ryan, Capt. W. F. McMaster, Hon. S. C. Wood, John Wilson, Paul Wilton, D. A. Milne, George Robinson, John M. Bond, Alex. Wills, Henry Pellatt, J. Howard Hunter, Oliver Gilpin, Wm. Cook, Robert Gilmor, G. H. Muntz, Henry Lamport, Wm. E. Watson, Alex. Smith, Wm. Crocker, T. R. Wood, A. J. Somerville, J. M. Treble, and Wm. Spry, O.E.

C. H. Gooderham, Esq., occupied the chair, and the Hon. S. C. Wood acted as secretary.

After the organization of the meeting the Hon. S. C. Wood read the following report and financial statement:

REPORT.

In laying before the shareholders the usual statement of the company's affairs the directors have much pleasure in being able to state that a safe, profitable and increasing business has been done during the year ending 30th April, 1893.

The earnings of the company amount to \$374,030.88, and after deducting charges, commissions, etc., and paying two half-yearly dividends of 4 per cent. each, there remains a surplus of \$31,979.94, which has been carried to contingent account.

The amount advanced on real estate during the year is \$1,252,079.39, and the repayments by borrowers amount to \$1,500,387.42, being very much in excess of any previous year.

To enable us to accept the money offered to us at reduced rates in Great Britain, we were obliged to reduce our deposit and currency debenture accounts, which we have done, and you will notice in the one case a reduction of \$139,868.66, and in the other \$230,750.