

greater. Deducting unadjusted losses and re-insurance liability, together, \$50,614, the company shows a balance of \$178,036, showing that it has surplus assets of \$33,500 in cash, real estate, mortgages and debentures apart altogether from premium notes. This is a condition of things upon which, in its twenty-fourth year, it may fairly be congratulated.

Correspondence.

UNSAFE HOUSE-BUILDING.

To the Editor of the *Monetary Times* :

SIR,—My letter of last week will be admitted, I think, to disclose a condition of things which is to be deplored. It is notorious that, in the covering of acres of the city plot with buildings of recent years, to keep pace with the remarkable growth of population in Toronto, much speculative building has been done, often with careless and dangerous rapidity. And while the "Jerry" builder is obviously the primary culprit, it is equally evident that as he is not in one case in a score a man of any means, he would be helpless if left to his own resources. The responsibility must therefore be shared by those who supply him with the money to build, and with them lies the remedy.

There is nothing essentially illegitimate in speculative building any more than in any other kind of trading. This should indeed be one of the very best and safest ways in which to employ capital. It supplies a constant want. A great many people can never hope to own a house of their own, and others require to use their capital in their business. Houses for renting must therefore be built by some one. Why then should not capitalists build them themselves, and avoid the risk of loss which they incur when they lend their money to a speculator for the same purpose? If he can pay them a fair rate of interest and make a profit besides, why should they not make the interest and the profit too? Plainly the speculator makes it pay by selling his scamped work at the price of good work. No honest man can do this, so it is usually said that it does not pay to build a good house and rent it. If this is true why is it so? Because, doubtless, of the existence of so many scamped houses which the owners are glad to rent on almost any terms. Nominally cheap, they are really dear, but still they keep down the rents of better houses. The fair rent of a house should be simply a sum sufficient to pay a fair rate of interest on its cost with a sinking fund added to meet the cost of repairs and provide against deterioration. The ordinary speculation-built house pays vastly more than this. Unfortunately, one reason why tenants put up with this overcharge is that they prefer a showy house, no matter how badly built, provided it has a large number of rooms, folding doors, portieres, wood mantels, tiles and all the rest of it—to a less showy but better built dwelling.

Keen competition amongst loan companies is a source, perhaps the main source, of the speculator's success. When a loan is refused, the speculative applicant is not at all put out. He simply says, "Oh, well, I'll get it across the street." And he does. Now if the loan societies and capitalists had a joint understanding in dealing with such applicants, the evil could be stamped out with small delay. If the speculator knew that an application refused in one office would not be entertained in another, his independent tone would soon be changed. Building would not be stopped but honest men would be able to go into the business. A large number of new houses must necessarily be built every year to house our increasing population. There would still be the same demand for money but it would be in safer hands. At present men succeed in getting loans for building purposes whose note of hand would not be discounted by a respectable bank on any terms.

The remedies seem to be simple and easy of application if lenders will only stand by each other:

First,—I would suggest: Lend no money to any man to build with until he has first put a fair proportion of his own money into the work, and furnished proof of the fact. A man who has nothing to lose has a poor right to speculate.

Second,—When the loan is not made on a completed building, do not covenant to lend a stipulated sum, but only a certain proportion of the actual cash value as fixed by a competent valuator; and make the covenant conditional on the work being up to a certain standard of workmanship.

Third,—Whenever possible, lend directly to the ultimate owner of the property, and encourage him to have his house built by a competent builder under a regular contract and proper supervision.

If capitalists would act up to these suggestions, and purchasers of houses would make it a rule never to purchase a house without having it first carefully examined and valued by an expert, a very different class of buildings would soon be seen lining the streets of the newer portions of Toronto.

A LOAN COMPANY DIRECTOR.

Toronto, Jan. 18th, 1866..

PRIVATE BANKS AS DEPOSITORIES FOR MONEY.

To the Editor of the *Monetary Times* :

SIR,—As in the earlier part of my life I was sufficiently provident to save a sum of money for my declining years, I have had frequently pressed upon me the consideration of what were proper, and what improper securities in which to invest money. For some time I have entertained the belief that many of our "private banks" were dangerous traps for unwary depositors. My opinion has since been confirmed by the numerous failures of these institutions, and by an inspection of the system upon which many of them are constructed and carried on. No business can succeed unless it is founded on true business principles, and carried on by skilled and competent men. From time to time we hear that Mr. Smith, farmer, or Mr. Jones, school teacher, has opened and is managing a private bank. Mr. Smith and Mr. Jones are persons of limited capital. Where is the necessary money to come from? Mr. Smith or Mr. Jones has no experience with the very complicated machinery they have to manage. Where is that experience to be acquired? I presume it is too often acquired at the expense of their depositors. The money is acquired chiefly from three sources:—

1. From the capital invested in the business by the owners of the private bank. If this is a large factor the bank is probably safe, in most it is only a small factor, in some only nominal, and these latter are certainly bubbles ready to burst at any moment.
2. From money lent them by a chartered bank.
3. From money deposited with them.

The relative position of the chartered bank to the private bank is well worthy of consideration by bank depositors. The private bank lends the funds derived from the sources I have mentioned, and takes notes in security therefor. The private bank then—does not keep these securities in its own possession, but sends them to the chartered bank for security for money advanced by chartered bank. The chartered bank is thus perfectly secured; in fact it has the private bank depositors as security for its money advanced to the private bank, whilst the private bank depositors have no security for their money, and are themselves in the position of securities for the private bank to the chartered one. I certainly think the Legislature should prohibit private banks from receiving money on deposit unless under very stringent restrictions.

DEPOSITOR.

—The shareholders of the Credit Foncier du Bas Canada held their annual meeting in Montreal recently. Among those present were: Mr. A. Desjardins, M.P. (president), Hon. J. A. Chapleau, Hon. Dr. Church, Messrs. M. C. Mullarky, R. Carrick, J. Simard, M. Morley, E. Prudhomme, H. Morin, G. S. Carter and S. Coulson. Mr. Guerin, the cashier, read the annual report, showing a surplus of \$10,000. The report was adopted. A motion to redeem one-half of the capital stock at 95c. on the dollar was carried. Messrs. E. O'Brien and L. H. Massue, M.P. were re-elected directors, and Mr. E. Irwin was also elected a director.

—The first completed pair of men's shoes made in any factory on an extensive scale south of Louisville was turned out at Nashville, Tenn., on the 2nd inst.

Meetings.

NORTH AMERICAN LIFE ASSURANCE COMPANY.

The annual meeting of this company was held in the company's Head Office, Toronto, on the 26th inst. The Hon. A. Mackenzie, M. P., President, occupied the chair, and Mr. McCabe, Managing Director, acted as secretary. The meeting was a large and influential one. The annual report, revenue account, balance sheet and report of auditors were read as follows:—

REPORT.

Notwithstanding the long-continued and wide-spread depression in general business, the directors are glad to be able to report that the company's business for 1885 has been a most successful one.

During the year, 977 applications for \$2,112,500 were received upon which were issued 905 policies for \$1,979,500, the rest being unacceptable or uncompleted, and 5 policies for \$7,000, were revived.

This is a volume of new business not only in excess of that done by the company in any previous year, but very much in excess of that secured by any other home company during the same year from its organization.

Such a result shows how completely the directors were justified in their anticipation of a large and extending business.

Much of the company's unequalled success as a home institution, is to be attributed chiefly to the hard work and business capacity of the managing director, to the influential and friendly support of its honorary and provincial directors, to its efficient staff of agents, its very liberal and varied forms of insurance, combined with its liberal principles and practices, and especially to its prompt payment of all just and approved claims upon maturity and completion of proofs—a practice introduced here by your directors, which has continued to afford the representatives of deceased policy-holders the greatest satisfaction.

Being at all times anxious to meet the wants of the insuring public, in any way that experience and caution recommend as desirable, the directors are much gratified to find that the company's commercial plan, as improved during the latter part of the year, has been largely appreciated and adopted by insurers.

From the commencement of business by the company, a complete audit of its affairs has been made quarterly by gentlemen of large experience appointed as auditors by the annual meeting, and in addition, the standing committee of the board has also examined and verified in like manner the accounts and securities of the company.

The reports of the auditors and the standing committee are given with the balance sheet.

On the recommendation of the managing director, the board thought well, at the end of its first quinquennium, to still further strengthen the company's claims for public support, by having a valuation of all its obligations, by a distinguished consulting actuary of eminence and experience, whose independent examination and valuation would command increased confidence.

Wm. T. Standen, Esq., of New York, whose name is well known in Canada, has made such a seriatim valuation. In his letter transmitting it he makes the following remarks—

"It is an evidence of careful and conservative management, that you can point to such a handsome surplus at the end of your first quinquennial period. Having had occasion in my professional capacity to examine the reports of other Canadian companies, I find that in volume of new insurances, amount at risk, premium income, and reserve held for the security of policy-holders, your company is largely in excess of any of them during the same period in its history."

From the undivided surplus contributed by policies in the general class, dividends will be declared available on the settlement of this year's premium, to ordinary participating policies. From the undivided surplus contributed by Tontine, Semi-Tontine and Reduced Endowment policies, the amount applicable to such policies will be carried in the surplus, until apportioned, as provided in such policies. The directors recommend that a dividend at the rate of 8 per cent. per annum to June 30th next, payable on July 2nd,