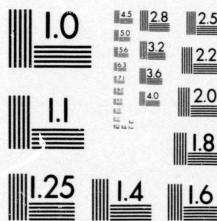
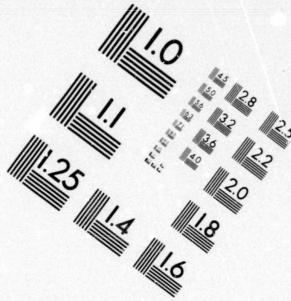
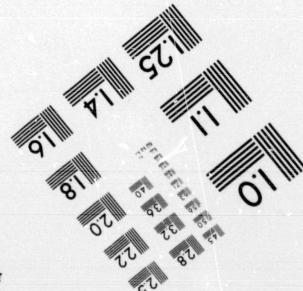
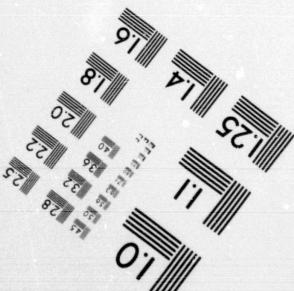


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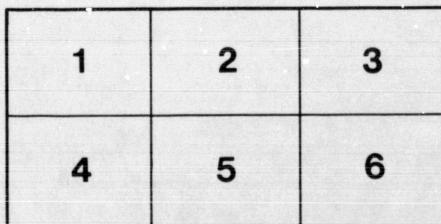
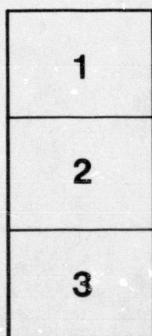
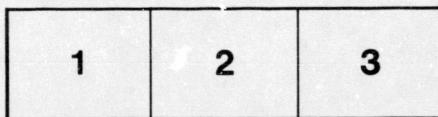
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Canadian
Bankers' ***
Association

President's
Address ***

Annual
Meeting,
Parliament
Buildings,
Toronto,
October 26th
and
27th, 1898





*John Wⁿ. Nichols
Compliments and
New Year's Greetings.*

ADDRESS
OF THE
PRESIDENT
OF THE
CANADIAN BANKERS' ASSOCIATION

DELIVERED AT THE SEVENTH ANNUAL MEETING
OF THE ASSOCIATION

MY term of the important office to which you were good enough to elect me during my absence from the last annual meeting has been marked by a revival in Canada of trade and manufactures, by an improvement in the value of agricultural products, by the development of the gold areas in the Yukon District, by increased development in the mines of the Kootenay and Lake of the Woods Districts, and by the addition of many millions to the national wealth.

It may fairly be said that the Dominion has shaken itself free from the depression that followed upon a succession of years of low prices and poor markets. No better evidence of the progress that has been made can be given than may be found in the monthly returns of chartered banks to the Government. The average public deposits in the banks for the five years, 1883-87, amounted to (approx.) \$100,000,000; for the succeeding five years, 1888-92, they amounted to \$134,771,032; and for the five years, 1893-97, to \$184,000,000.

On 30th September, 1898, the amount on deposit was no less than \$238,573,704.

Within the same period loans and discounts, excluding loans to Governments, increased from an average of \$165,500,000 for the five years ending 1887, to \$249,513,576 on 30th September, 1898. Deposits in Government and other savings banks increased from \$51,000,000 in 1887 to \$64,000,000 in 1897. Deposits in loan companies stood at \$18,251,422 in 1887, and

at \$19,667,102 in 1897, in addition to which the Canadian debentures of these companies grew from \$6,900,000 in 1887 to \$11,900,000 in 1897.

The failures in Canada in 1877 amounted to \$25,523,000; in 1887 to \$17,054,000; in 1897 to \$13,147,929. For the nine months ending 30th September, 1898, they amounted to \$6,735,476, as compared with \$11,465,322 for the corresponding period of 1897, and \$12,485,046 for that of 1896.

The bank clearings for the year 1895, which is as far back as the records take us, amounted to \$1,040,000,000; in 1897, \$1,182,000,000; 1898 (9 mos.), \$959,893,000 (exclusive of Victoria and Vancouver).

METALLIC MINERALS—KLONDYKE

The successful exploitation of what is known as the Klondyke has added one other to the many attractions of the Dominion. It has furnished a vent for the venturesome and at the same time has created a new and profitable market for the agricultural products and the manufactures of our people. It has done much to set aside the arguments of the distorted bi-metallist by proving that the maintenance of the Gold Standard is no longer dependent upon the output of Australia, of Africa, or of the United States. The government of such a country entails very great responsibilities upon the Dominion, and it is gratifying to know that the fact is now being fully recognized by those in authority. The terra incognita of a few years back is now the Mecca of multitudes, and its development should bring with it immense wealth to the older sections of the Dominion.

The value of the total production of principal metallic minerals in Canada in 1887 is estimated at \$2,118,120; in 1897 the value amounted to \$13,996,234. It is estimated that the output of gold in the Yukon district alone will this year amount to \$8,500,000 (not including \$2,500,000—the product of 1897), and that the total output of metallic minerals during the year 1899 over the whole Dominion will amount to \$25,000,000. It is impossible to estimate the probable output even five years hence without amazement. The production of non-metallic minerals amounted in 1887 to \$9,000,000, and in 1897 to \$14,500,000.

MINT

I am not unmindful of the objections which have been raised within this Association to the creation of a Canadian

Gold Coinage, and as long as the gold product of the Dominion was comparatively insignificant no good reason could be brought forward for the establishment of a mint, but the growth in the output of gold from \$907,601 in 1892 to a probable output of at least \$18,000,000 in 1899, with every prospect of an ever increasing annual production, has brought with it changed conditions. Are we not throwing away our opportunities and underrating our importance in sending our banks and our miners to Seattle, San Francisco, or New York, past our own doors, to exchange their gold dust for coin of a foreign realm? An immense volume of trade is being and will be lost to Canada through returning Yukon miners being forced to take their "clean up" to a foreign mint. A Canadian mint, or, to commence with, a branch of the Royal Mint at Vancouver or Victoria would bring both cities into increased prominence and would be the means of giving those cities the trade of the returned miner, and no one spends more freely, to supplement that of the out-going prospector.

Branches of the Royal Mint have been established in Australia—in Sydney (1855), Melbourne (1872) and Perth (1896), and entail little or no expense upon the Colony, whereas their existence is of incalculable benefit to the gold miner and to local trade.

SPANISH-AMERICAN WAR

Although Canada was not, except through its sympathies, directly interested in the results of the Spanish American war, it is impossible for us not to realize the fact that great changes in the foreign policy of the United States which may affect our commercial relations with that country must follow thereon. Sectionalism must give way to a recognition of trans-marine responsibilities. The ignorance and indifference of the agriculturist of the middle States regarding the welfare of the outside world will soon give place to a lasting interest in foreign conditions. Amongst other results that will follow—have followed I should say—upon the course of events is the establishment of a bond of sympathy and good fellowship between the United States and the Mother Country and the dissipation of the jealousies and misunderstandings of a century. The two nations should now go hand in hand, a support to each other in the struggle for wider markets and the spread of Anglo-American civilization. The effect of the acquisition of territory upon the trade and commerce of the United States will be phenomenal—

the occupation of its new possessions will open immense fields for capital and labour. The manufacturer, the electrician, the scientist, the agriculturist, and, last but not the least, the banker, all will be called upon to assist in the up-building of a great commercial empire. Are we in Canada to stand still? Are we not part and parcel of an Empire that is world wide with a population of nearly 400,000,000 of people, more than twenty-five per cent. of the population of the whole world? Can we do nothing to stimulate and encourage trade within that Empire? Are we forever to be told that the tie between one part of the Empire and the other is to be sentimental and nothing more? Of what use is the shedding of our best blood on the sands of Africa or on the snows of the Himalayas, if nothing is to come of the sacrifice but military glory? The effort of Sir Wilfrid Laurier to awaken an interest in Canada on the part of Great Britain by granting the Mother Country and her other colonies a preference in Canada over foreign nations is the first practical attempt on the part of either to create a union of commercial interests. Are we to rest satisfied with the good feeling that such a policy cannot but engender in the Mother Country or should we look for reciprocal action throughout the empire?

Jamaica, in despair, a victim of the free-to-all policy of England, is wandering helplessly about the seas, knocking at one door and then at another, begging for sympathy. Other West India Islands are in an equally deplorable condition. Can nothing be done to cheer their hearts and lighten their load, or must they perish of loyalty and of an unfeeling and selfish colonial policy? The commercial unity of the United States of America, with its recent acquisitions, Cuba, Porto Rico and the Philippines, will give those outlying territories an advantage over the competing and corresponding territories of our colonial Empire that must in the end be fatal to the continuance of that Empire. We in Canada must be up and doing, and if dismemberment does come, let us have the proud but sad consciousness of knowing that we did all that we were permitted to do to avert the disaster.

ENGLAND'S FOOD SUPPLY

The war has reminded us of the present dependence of Great Britain upon foreign nations for her supply of food. Of wheat and flour alone her imports in 1897 amounted to the equivalent of 180 million bushels of wheat, representing the bread

of 30,000,000 of the population. At an average of eighteen bushels to the acre this would be the product of 10,000,000 acres. An eminent scientist has told us recently that before many years chemistry will have to be brought into play in order to provide sufficient food for the hungry; let us assure Sir William Crookes that we have in Manitoba alone acres of untilled arable lands from which can be raised sufficient to supply the wants of Great Britain with a much denser population than she has to-day and that beyond Manitoba we have in the Territories millions of acres of wheat lands awaiting the plough.

much more serious question than an ultimate shortage in the world's wheat crop presents itself to the British public.

The war between Spain and the United States had no sooner been declared than England made haste to announce herself as a neutral power, and declared certain articles—coal amongst the number—as contraband of war; if the food of war ships may be considered contraband by one neutral nation, may not the food of soldiers be considered contraband by another? What would England's position be during a war with another power should Russia and the United States, which supply at present over 70 per cent. of England's importations, declare wheat contraband of war? The wealth of India could not buy it and within but a few weeks from the proclamations of neutrality bread riots in London would be the first fruits of a disastrous policy. If a preferential tariff policy is good for Canada, why should we not strive for its adoption by our Motherland? A slight duty on imports of foreign grains into England would bring with it a substantial revenue, would stimulate the settlement of our untilled lands and would within a few years place the food supply of England from within the Empire beyond peradventure without being a burden upon the consumer; the revenue from foreign "corn" would permit of a proportionate reduction in duty upon other articles that enter into daily consumption.

DEEPENING OF CANALS—ABOLITION OF TOLLS

A fourteen-foot channel from Lake Superior to the Sea is promised for the season of navigation of 1899. The effects of that development may be far-reaching. In 1897 only one bushel of Manitoba wheat out of every five was shipped to tide water by the Canadian route—four bushels out of every five found their way to Europe via Buffalo and U. S. Atlantic ports. This year, owing to the unseasonable harvesting weather in

Manitoba, the proportion that will go forward via Montreal will be still less. The fourteen foot channel will enable vessels with a cargo of 75,000 bushels of wheat to sail from Fort William or Duluth to Montreal and Liverpool. To-day the largest cargo over the same route does not exceed 18,000 bushels. Canal tolls between Lake Superior and Montreal amount to 10 cents per ton ; the total amount of tolls collected during the year 1897 on the Welland and St. Lawrence canals amounted to \$254,963.

The construction of those canals at the estimated cost of over \$50,000,000 was not undertaken with the idea that the tolls upon tonnage or cargo would do much more than provide for repairs and maintenance. The objects in view were the cheapening of transportation, the diversion to the St. Lawrence route of the products of the great west, the building up of our own ocean ports, and the encouragement of the Canadian carrying trade, coupled with the employment of Canadian seamen.

The toll system, although not onerous, may be sufficient to defeat the objects we had in view, and I am sure that the inauguration of a policy of free canals would raise the value of the main products of our western provinces, would encourage shipbuilding in Canada, would divert to the improved channels a very large proportion of the grain which now is forced to find an outlet to the sea via Buffalo, and could not but be approved of by the Canadian people.

CASH RESERVES OF BANKS

The anxiety of bank officials to increase the earnings of their institutions with a view to the payment of dividends to shareholders was never more in evidence than at present, and the question has been asked if in our laudable efforts some are not losing sight of the responsibility which rests upon them of maintaining proper cash reserves. An examination of the monthly report of the chartered banks in the *Canada Gazette* will show weak spots here and there that should be strengthened. The subject is a delicate one ; at the same time, under our present system of bank note circulation, each bank is to a certain extent responsible for the administration of every other bank, and I consider the reference excusable. We are practically guarantors for each other to the extent of the authorized limit of circulation and have a perfect right to criticize favourably or unfavourably the financial position of every institution whose name and statement

appears in that report. It is most unfair that any one or more institutions should build up immense liabilities without providing an adequate cash reserve against even probable demands of depositors and note holders. What that reserve should be depends, of course, upon the nature of the liabilities and upon the character of the assets of the bank.

INSOLVENCY

I commend to your attention what appears on the subject of insolvency legislation in the report of the Executive Council, and while disclaiming any opposition on the part of the banks as a class to such insolvency legislation, I would ask you to exercise every legitimate and a united influence in opposition to any proposals that seek to deprive us of our equitable rights as creditors, and to assist in preventing the dishonest or incapable insolvent from again becoming a menace to the business community.

COMPETITION

Competition between banks is a matter for serious consideration. We all aim to do the best for our shareholders, but I feel convinced that there are times and opportunities when we could swell our business without cutting into that of a confrere. For example, there are yet many districts of Canada not adequately supplied with banking facilities. To find and locate in one of these would be more profitable to the bank and be of more service to the community than to crowd into a locality where banking facilities are already sufficient.

During the past year seventy-two new branches of chartered banks were opened in the Dominion, of which no less than thirty-six were opened at points then served by chartered banks.

EDUCATION

Much has been said lately regarding the useless and extravagant system of education in vogue throughout the greater part of Canada. Boys and girls are being trained by tens of thousands to occupy positions in life that will never come within their grasp, and by their very attainments are being forced to leave the country and seek their fortunes elsewhere. Canada is essentially an agricultural country and one would look for at least an elementary course in agriculture in our public schools, giving the youth of the country an inclination towards the development of the countless riches of the soil; but instead of

such a policy we find days and months wasted in the indiscriminate study of algebra and mathematics and the dead languages. We are turning out schoolmasters and doctors for the Western United States and are robbing our own country of its bone and sinew.

A WORD TO JUNIOR ASSOCIATES

When this Association was inaugurated it was designed in no small part to be an especial aid to junior officers, so that from time to time as senior officers disappeared from the scene, others still more competent might step into their places and assume their responsibilities. The journal of the Association was established to assist in this laudable object. And although many Associates are showing a lively appreciation of their privileges, I regret to find that a lack of studious effort and of a desire for a broad knowledge of banking law, practice and management is too common among the juniors of to-day. Successful banking is indeed largely and chiefly a matter of experience, and in this, as in other walks of life, the experience of others is a sign post to ourselves. I would strongly urge all junior officers not to be content with acquiring a rule of thumb knowledge of their own department, but to study the Bank Act, the legal decisions in which banks are concerned, as set forth in the JOURNAL, the daily market reports and the course of events in the financial and commercial world. In the other professions a regular course of study, carefully planned out, is imperative, yet while no profession is more difficult to master than banking, far too many clerks shut their banking up with their ledgers and return to work next morning no whit the wiser regarding the profession to which they are devoting their lives and their destinies.

In giving over the Presidency to my very worthy successor, I do so with no misgivings. The responsibilities of the office are considerable, and its duties are not insignificant. I have performed these duties to the best of my ability, and, I trust, to the satisfaction of the Association.

I thank you all for the hearty support which I have received during my term of office.

D. R. WILKIE

President

