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OF THE

## CANADIAN BANKERS' ASSOCIATION.

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### EDITORIAL NOTES

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#### THE COMING MEETING AT HALIFAX.

The annual meeting of the Association this year, as the Associates are aware, is to be held at the City of Halifax, on the 26th, 27th and 28th July. The Halifax bankers are preparing with much enthusiasm for the entertainment of their guests; they urged the dates which have been chosen in order that visiting Associates should have an opportunity of witnessing a naval review which is to take place on the 28th, and they have also arranged that the Regatta of the Halifax United Banks should be held on that date. One of the Halifax bankers, in a private letter to a confrère in the west, writes, "we intend to surprise our visitors."

The 26th and 27th will be given up to the business of the meeting, and the dinner—to which all Associates attending will be invited—will be given on the evening of the 27th. Papers on banking subjects will be read, and the meeting promises to be unusually interesting and profitable.

The Executive are glad to be able to state that the railway companies have consented to quote a very low fare, as to which an announcement will be made to the Associates in a few days.

The opportunity of an inexpensive trip to the Maritime

Coast is one not often presented, and it is hoped the inducements offered may result in a large attendance of Associates.

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LEGAL DECISIONS.

The case of *Union Bank v. O'Gara*, the main facts of which are reported in this number, has not as much special significance for bankers as at first sight might appear. We believe that the trial Judge was correct in his judgment, and that the learned judgment of Mr. Justice Sedgewick was based on a partial view of the facts, but on the facts as set out by the latter no other conclusion than that he reached was possible. He assumes that as a condition of the endorsement there was an equitable assignment, under an agreement to which the lender as well as the borrower was a party, that the moneys from the contract should be paid into the bank for the endorser's protection; that the bank deliberately permitted a violation of the terms of this assignment; and that the endorser was therefore discharged. If these *are* the facts, there is nothing new in the judgment in the matter of law, but the report seems to show other facts which seriously modify the basis on which the judgment rests. Even on the severe view taken by Mr. Justice MacLennan, that the bank abandoned or neglected to collect a valid claim on the railway company for \$24,900, it would seem to be more consonant with the principles of equity that at most there should be a discharge *pro tanto*.

The broad principle laid down by Judge Blackburn in *Polak v. Everett*, is this: "If the creditor intentionally violates any rights the surety had when he entered into the suretyship, even though the damage be nominal only, he shall forfeit the whole remedy." But he distinguishes cases where the complaint is that the creditor has by his laches not recovered from the securities all that he might, ought and should have made out of them, holding that in such cases he is bound to allow for the sum he ought to have made, but that the surety is not thereby discharged from the balance of the debt.

In *Sheffield Banking Co. v. Clayton*, an important case tried in 1888, another point in the law respecting suretyship was discussed. There has no doubt been a very common

impression among bankers that the principal creditor is entitled to the benefit of the security which an endorser or surety holds, but the judgment in this case shows that this general view of the law needs to be very much qualified. The point involved was the right of a creditor to the benefit of certain securities held by the surety by way of indemnity, which he received in part from one of the principal debtors, and in part from a third person. In deciding the case, the Court expressed the view that the principal creditor has no claim on collateral security given by the principal debtor to the surety, and that a surety is not in any sense a trustee for the creditor.

There is no doubt, as we have said, that this view runs counter to the general opinion on this point, but it does not follow that the general opinion is incorrect in respect to the ordinary transactions with which we have to deal. It has been pointed out that this was not a case of security given for a debt, but of an indemnity against liability on the part of a surety, which distinguishes it from the ordinary form such transactions take. The usual way in which the question comes up among us is in connection with notes discounted for, or accepted as security from an endorser who holds security from the makers. This security is not against his liability as surety, but for the payment of the debt, and the endorser in transferring the debt, would, it is thought, transfer also a claim on the security appertaining thereto. His relation to the bank is in fact not that of an ordinary surety at all.

If, however, money was advanced to the maker of a note, the endorser on which had received security to protect him from his liability, no doubt in the absence of any special agreement the principle laid down in *Sheffield Banking Company v. Clayton* would apply.

The case of *La Banque Nationale vs. Ricard et vir*, which is briefly reported for us by Mr. Frederic Hague, touches a point of law as to married women, peculiar to Quebec. If the judgment stands, as we presume it will, it is established that no married woman in that province can in any way become responsible for her husband's debts. There are cases on record where a debtor to whom the wife has paid money in satis-

faction of her husband's debts, has some years after been forced to return the same. It is clear that all dealings which would have to rest for their safety upon the wife's responsibility should be rigidly eschewed.

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QUESTIONS ON POINTS OF PRACTICAL INTEREST.

Attention is directed to the announcement made in this number under the above heading. Associates are invited to make the freest use of the privilege offered. Questions may be asked on matters of banking practice as well as on legal points. New and intricate legal points are constantly arising, a discussion of which in this column would be of great interest; but apart from this, a very large number of the younger bank men are stationed at outlying branches where information even on matters in which the practice or the rules of law, as the case may be, are well established, is not readily obtainable. If the latter avail themselves of the services of the JOURNAL in this matter, the Committee will be pleased. The JOURNAL is published for the benefit of the Associates, and the efforts of the Committee will be directed to conduct it upon lines which will best conduce to the attainment of the object for which it was instituted.

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THE SUPPLEMENT.

The Committee think it well to state that the issue of a supplement with this number, containing the report of the two first annual meetings of the Association, is for the purpose of completing the permanent record of the formation of the Association. Hereafter, the report of the proceedings of the annual meeting will be published in brief form in the JOURNAL.

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## THE LATE MR. BRODIE.

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Through the removal by death of Mr. John Lowe Brodie, the Managing Director of the Standard Bank of Canada, recently, banking circles have suffered a severe loss. Mr. Brodie died at his residence on Sherbourne Street in the afternoon of Monday the 18th instant. He was born at Cupar Angus, Perthshire, Scotland, in the year 1839, and consequently was fifty-five years of age at the time of his death. He received the greater part of his education at The Dollar Academy, Clackmannanshire. At the age of sixteen years he entered the service of the Commercial Bank of Scotland in the town of Alloa, from whence he was removed to Edinburgh, and during his six years' service with that institution he received that thorough training in the principles and practice of banking of which he spoke in after years as having laid the foundation of his success as a banker. On leaving the service of the Commercial Bank at Edinburgh, he entered the employ of the Chartered Bank of India at London. After a residence of two years in the metropolis, he was transferred to the Bombay branch of the Bank in India, where he discharged his responsible duties to the entire satisfaction of the direction of the institution. Unfortunately his health broke down, and he was obliged to leave India. After a brief residence in Wisconsin, where he engaged in farming for the purpose of recuperating his health, he came to Canada and connected himself with the Royal Canadian Bank, where he remained until the year 1875. In that year he was appointed Cashier of the old St. Lawrence Bank, which was then, as is well known, laboring under great difficulties. He had its name changed to the Standard Bank of Canada, and his eminently successful management of the institution is too well known to business men in Canada, to call for particular comment. He became a member of the Toronto Board of Trade in 1883, and was a member of the Executive Committee of the Bankers' Section of the Board, of which he became Chairman in 1893.

He was married in 1870 to Miss Adeline J. H. Lowe, daughter of Commodore William Lowe, H.M.I.N., who with four children survive him.

Mr. Brodie always conducted his banking operations in accordance with the strict rules of practice in which he was so thoroughly grounded during his connection with the Commercial Bank of Scotland. He was a man of much geniality of temperament, and although not disposed to make many friends, was much beloved by all with whom he came in personal contact. His loss will be greatly felt by the Bank, and by many business men with whom he was brought in daily intercourse. It need hardly be said that his relations with the bankers in Toronto, without exception, were always of the most friendly character, and the attendance at his funeral of the Bankers' Section in a body, and of many bank directors and officials, bears testimony to the esteem with which he was regarded by them all.

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## PRIZE ESSAY COMPETITION, 1893-1894. AWARD.

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The results of the recent essay competition were duly announced in the following circular to the Associates:

At a meeting of the Executive Council held 14th February, 1894, it was decided that the committee to examine the Prize Essays should consist of four officers of not lower grade than that of Manager, selected from four different banks, and the Secretary-Treasurer. In accordance with this resolution, four of the examiners appointed were gentlemen of the rank of Manager and Inspector selected from two banks with head offices in Montreal, and two banks with head offices in Toronto. The committee have now concluded their examination, and their unanimous award is as follows:

### SENIOR SUBJECT.

1. What have been the causes and results of the late financial crisis in the United States, and what can Canadian bankers learn therefrom?

2. What is the best course for a banker to take during and after a financial crisis, or a period of great financial stringency?

The two questions being dealt with in one paper.

*First prize, \$100.*—"Ut Supra." VERE C. BROWN, Canadian Bank of Commerce, Toronto.

*Second prize, \$60.*—"Saxon." F. G. JEMMETT, Canadian Bank of Commerce, Parkhill.

### JUNIOR SUBJECT.

What are the special subjects necessary to the education of a good bank official in Canada, and in what ways may he make himself of most service to a bank, and thereby place himself on the best road to promotion?

*First prize, \$60.*—"Scribbler." D. M. STEWART, Canadian Bank of Commerce, New York.

*Second prize, \$40.*—"Aurum et Argentum." FRANCIS A. BRODIE, Bank of Toronto, Montreal.

On the senior subject 14 essays were submitted from employés of the following banks: Bank of British Columbia, 1

Essay; Bank of British North America, 3; Bank of Ottawa, 1; Bank of Toronto, 1; Canadian Bank of Commerce, 5; Eastern Townships Bank, 1; Merchants' Bank of Canada, 2.

On the junior subject 21 papers were submitted from employés of: Bank of British North America, 4 Essays; Bank of Ottawa, 1; Bank of Toronto, 2; Canadian Bank of Commerce, 7; Merchants' Bank of Canada, 4; Molsons Bank, 1; Union Bank of Canada, 1; Unidentified, 1.

The arguments and citations of each essayist were drawn from his paper and committed to writing in short form, care being taken to weigh not only the correctness of the arguments advanced, but to make certain that the writer had properly grasped his subject. Heed was also given to clearness of arrangement and general literary style, and marks apportioned for each.

The papers were not read by any person outside of the committee.

In accordance with the rule laid down the prize papers become the property of the Association.

All papers have been returned to the Secretary-Treasurer, to whom any correspondence should be addressed.

W. W. L. CHIPMAN,  
*For the Committee.*

Montreal, June 9th, 1894.



## THE CRISIS IN THE UNITED STATES.

PRIZE ESSAY, BY VERE C. BROWN.

*What have been the causes and results of the late financial crisis in the United States, and what may Canadian Bankers learn therefrom?*

In the much that has been written by Americans on the subject of the recent crisis, the cause thereof is with few modifications put down to silver legislation. Speaking in a general way, it is quite true; the country's silver policy could not under any conceivable circumstances but have ended in disaster at some time, and accepting conditions as they were, it undoubtedly stands out as the prominent cause. No statement of the situation, however, could be complete which did not recognize the part played by an unscientific and irresponsible banking system, and a currency system defective in other respects than merely as regards the steadily increasing proportion based on silver. The demonstration of the working of these influences involves a review of the conditions leading up to the final situation. For the sake of completeness I may be permitted to go back for a moment as far as the date of the passage of the Bland Act.

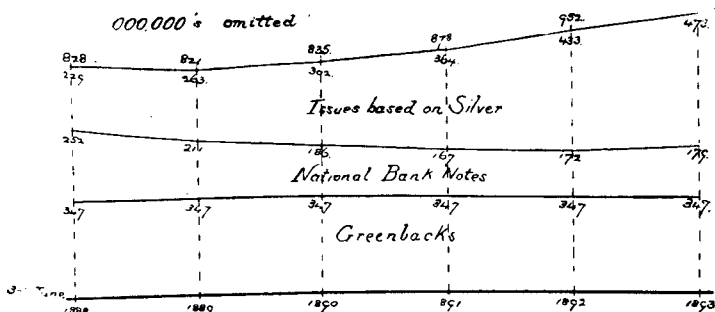
The purchases of silver under this Act commenced in 1878, the minimum amount of which was to be \$2,000,000 per month and the maximum \$4,000,000. Purchases were continued up to the end of the last fiscal year, the Act of 1890 merely altering the amount to be purchased to 4,500,000 ounces per month. The notes issued under the Act of 1890 are a legal tender, but the entire silver issues are, at the Government's option, redeemable in silver. No arrangement was ever made for a proportionate reserve of gold for the redemption of the silver notes, and the only fund out of which the Government proposed to redeem them was the gold balance kept in the Treasury for the ordinary expenditures of the Government, the result of the balance of Revenue and Expenditure. This balance, at one time amounting

to about \$100,000,000,\* for a few years past has averaged something like 30 to 40 millions only, and when the enormous expenditures of the Government (which have not for some years fallen very much short of the fluctuating revenue), and the large and increasing volume of outstanding silver certificates are considered, the element of danger always attending the Government's silver policy can be properly appreciated. The Secretary of the Treasury had power to procure gold by an issue of bonds, if necessary in order to redeem the circulation, but that the Government should not have thought it necessary to exercise this power immediately the decreasing gold reserve commenced to bear insignificant proportions to the great mass of silver notes outstanding, can only be understood—even allowing for political exigencies—on the theory that the leaders of the Government utterly failed to appreciate the real dangers of a policy which they were earnestly deprecating.

At the resumption of specie payments in 1879, the paper currency of the country consisted of \$347,000,000 of greenbacks, to redeem which a sum of \$100,000,000 of gold had been accumulated, and \$329,000,000 of notes issued under the National Bank system. The contraction of the currency which had been effected at this time, would seem to have been somewhat greater than was necessary, for \$25,000,000 odd of silver certificates which were annually poured into the country appear for some years to have been readily absorbed, while from 1884 to 1890 the increase of silver currency did little more than fill the gap caused by the shrinkage of the National Bank circulation due to the retirement of Government bonds, so that up to this date the silver purchases had resulted in very little increase to the currency. The effect upon the volume of paper since then, however, can be best illustrated by the following diagram. I omit the figures of the gold certificates, which do not effect any increase in the currency, since an equivalent amount of the country's gold stock is surrendered into the custody of the Treasury to be held intact against them.

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\* This is to be distinguished from the \$100,000 000 reserve held as the basis for the Greenback issues.



Thus we see that the volume of the currency was increased between 30th June, 1890, and the same date in 1893, by \$169,000,000. Writing at this late date, in the light of the events leading up to the panic, we may accept as something too patent to call for proof that the result of this was an undue inflation of the currency. This brings us at once to the discussion of the part which a defective currency system has played in bringing about the crisis.

Paper currency based on the credit of the issuer may be issued without limitation only where the system sets in motion forces which ensure every dollar of the amount in circulation being presented to the issuer for redemption immediately it is not required by the public in the transaction of business. In this case, the issuers being compelled for their own protection to maintain at all times an adequate reserve, there can be no over-issue due to fault in the system.

In a system where there is nothing to impel notes back for redemption immediately they are not required by the public, there is a strict limit to the amount of currency which may be issued based upon credit, without danger of mischief, and everything beyond this should be represented by an equivalent in gold. This limit is such that should redemption take place until the amount of the notes outstanding reaches the lowest point to which it is conceivable it could go under normal conditions, the gold held for the issues in excess of this credit limit would form a proportionate reserve for the entire amount remaining in circulation. In such a case also there can be no

over-issue, since any increase in the currency is merely the measure of the increase of the gold reserve.

It used to be held that the mere fact that a paper currency was redeemable in gold on demand, rendered an over-issue impossible, and this ground was strongly taken in the controversy respecting the Bank of England issues carried on for some years before the passage of the Act of 1844, by men whose names are among the foremost of English economic writers. They had not, however, foreseen the situation which has since been created in the United States; it remained for the Americans to demonstrate that the principle they then laid down was limited in its application to currency issued under the two conditions set out above.

For the present purpose we may ignore the fact of the Government's holdings of silver against a large part of the circulation, since, unless faith was broken with the people, this metal was not available for its redemption; the situation would have been practically the same had the Government purchased and hidden away like values of lead or copper and issued in payment paper redeemable in gold. The point is that the Government was pouring into the channels of commerce upwards of \$25,000,000 of currency per annum, without any attempt to accumulate an adequate gold reserve. To such an extent as this supplied the somewhat increased volume of currency carried in the tills and pockets of the people, which it is presumable a rapidly increasing population rendered necessary, it was not an over inflation, since to this extent it was merely obviating a strain upon the world's gold supply, but it is of course clear that by far the larger portion of this increase found its way almost immediately into the hands of the Banks. So long as there existed absolute faith in the ability and determination of the Government to redeem these in gold, there was no motive to impel the Banks to send them forward for redemption—on the contrary the cost of shipping the notes one way and the gold the other was an effectual deterrent force, and so they remained outstanding as so much money.

This defect in the currency system is chargeable in two ways with a share of responsibility for the crisis.

In the first place, had the excess of circulation brought about

by the issue of silver certificates been thrown back on the Treasury for redemption from time to time immediately there was a redundancy, the necessity then for a provision of gold, obtained by the sale of bonds or otherwise, would have brought the silver question to an issue at once. It might be urged that this would simply have brought the crisis on at an earlier time, but the reply to this would be, that, if so, it would have come before the evil effects of an inflated currency had been wrought and the results would have been far less disastrous. Against the view, however, that this would simply have hurried the crisis, is the consideration that the steady nature of the drain on the Treasury gold fund—which would then for the most part have been in the same measure as the issue of silver certificates—would have made the need of continuously borrowing gold for this redemption so clear to the Government, that, had their determination and the temper of the people been against actually drifting on to a silver basis (as it now seems evident it was), there would have been no room for the fatal hesitancy which characterized the Government's course when the recent drain set in. Moreover, there is the incidental consideration that had the Government been in this way impelled to strengthen the Treasury from time to time, the situation, as far as internal distrust of the silver policy is concerned, would have been preserved for at least a time longer, in which case there is the possibility that the closing of India's mints to the free coinage of silver might have been an influence of sufficient weight in itself to have led to the cure of the silver legislation, and there need not then have been a disaster in any way approaching in extent that which has taken place.

Then as to the second bearing of a defective currency system on the question. The increased volume of currency caused a glut of loanable funds. Had the Banks sent in the credit-based currency (silver certificates, etc.) for prompt redemption, taking back gold or gold certificates, the volume of funds in their hands would not of course have been decreased by this, but the gold borrowings of the Government would either, in case they were first effected at home, to a like extent have decreased the volume of money in general circulation, and thus checked the inflation which silver issues were tending to bring about, or, if

gold were borrowed abroad, have caused a corresponding tension in the money markets there. In the latter case—a superabundance of money still existing on this side—a chain of economic forces would have been set in motion to correct this disproportion; either gold would have flowed away again from the cheaper to the dearer market, or the complex phenomena understood under the doctrine of rising prices in the easy money market and falling prices in the dear, would have brought about an exchange of commodities on the one side for gold on the other until equilibrium was restored, a process which would, because of the tension abroad, have corrected the redundancy before the possibility of great harm could arise. Under a system where the credit-based paper currency is limited to a fixed amount, an increase in the circulating medium indicates, as a rule—at least in a debtor country—a degree of commercial prosperity which more speedily brings about an exchange of the surplus gold for more desirable commodities.

As it was, however, the increased issues of paper remained outstanding, increasing the volume of money in the United States without any decrease in the volume in other countries, and with no real increase of money in the world as far as this particular increase of currency was concerned. There being apparently a considerable surplus of money to exchange for other commodities, it would naturally be expected that economic laws would act to eventually bring about an expulsion of gold from the country just as if there had really been a plethora of sound money, and this did occur, an incessant export of gold, as we have seen, at length setting in. Meantime, however, all the evils of an inflated currency had been wrought, including a serious derangement of the foreign trade; and the forces which were impelling this sudden redemption of excess issues not being understood by the Government, they were tempted to delay action to strengthen the Treasury, in the hope that the drain would cease and a return flow of gold set in before their available reserve was completely exhausted. Thus we see that a defective currency system delayed the inevitable end of the silver legislation, and obscured the processes which were leading to that end.

But despite the operation of the currency system, the final

collapse apparently need not have come quite so soon as it did. What brought the crisis on at that particular time, and what made its results so severe, are questions which bring us to the consideration of the particular defects in the banking system.

The Americans do not like monopolies. They have legislated against monopolies in various forms, without in most instances attaining a signal degree of success, but the old popular cry for "free" banking has resulted in a banking system made up of several thousands of small banks, each of a purely local character, conducted to a great degree, except in the larger cities, by men with little or no banking training, and who are without the same opportunities of acquiring a grounding in sound general principles which are afforded to bank officers in the really "National" systems of other countries. The enactment against branch offices at once ensures that no banking institution shall come into touch with the commercial interests of any wide area of the country, but the provisions in the National and State Bank Acts, which render it illegal for banks to lend more than a proportion (usually 10 per cent.) of their capital (necessarily moderate) to one firm or individual, has had the effect of completing the severance of the intimate relations which should subsist between the banking and commercial systems of a country with a view to its even prosperity. Business houses in a large way have to borrow from a number of lenders very often in numerous markets, and sharing their confidence with all the lenders being impracticable, they share it with none; they escape making a statement of their position, and the bankers are not only ignorant as to what source repayment will come from, but also as to the purpose for which the moneys are to be used. On the other hand, the borrowing community being under no obligation to confine their dealings to any particular bank or banks, the banks of the country do not acknowledge any individual responsibility for the requirements of any portion of the commercial community, and the possibility always exists that the latter may make engagements on the strength of an easy money market, to find when the obligations mature, that, a disturbance of credit having meantime taken place, the banks have adopted a policy of contraction—a change of attitude which is rendered possible by the fact that while the banks may as a body be ana-

thematized for a narrow selfishness, they cannot be individually held to account because of the absence of mutual obligation as between banker and customer. Such a situation as above outlined would fortunately not be likely to come about oftener than once in a great many years, but we are dealing at the moment with one of those rare occasions.

I have pointed out that there are economic laws which will bring about the expulsion of gold from a country where the currency is superabundant, and I have stated that where the plethora of money has come about under a currency on either of the bases mentioned on page 239, the conditions would probably be such that the exchange of the surplus of gold for other commodities would come about speedily, and by the operation of causes which could leave no great ill effects. On the other hand, where the circulating medium in a country is suddenly increased in such proportions, and under such currency conditions, as was the case in the United States (even assuming that a proper reserve of gold were maintained, by borrowing or otherwise), under the most admirable banking system, soundly administered, evil effects, such as over-trading, might be created side by side with the forces at work to restore equilibrium. But I would emphasize that it is the more destructive ends to which a *badly* constructed banking system enabled this plethora of money to be put, that I am dealing with.

Banks incorporated under the State Banking Acts are permitted to lend directly upon real estate, and while the National banks are forbidden to lend upon the direct security of real estate, they may—because of the absence of close relations between them and their borrowers and their consequent inability to follow the uses to which their advances are put—be unwittingly lending to a very considerable extent on real estate; but it happens besides that in a very large proportion of the National banks in smaller places the soundness of the enactment against bank loans on this class of security is not acknowledged, and loans to local magnates resting indirectly on real estate are not discriminated against.

In loans to the mercantile community, also, the system as a whole not only renders it impossible for bankers with ever so sound views to prevent the banking resources of the country



from being put to improper uses, but actually assists in bringing about this result. The main function of banks is to assist in the distribution of commodities in such a way that they will go from the producer to the consumer in due course; it is their duty within certain lines to facilitate this exchange for the benefit of the entire community, and any aid lent by them to enable one set of individuals to withhold commodities from the market with a view to extort profits from the rest of the community beyond what the law of supply and demand warrants, is not defensible on principle. It is to be noted moreover that the effects of such schemes extend beyond the mere extra profit which may be involved, in that they tend, where successful, by keeping up prices, to unduly stimulate production in the particular commodities and bring about a violent fall at some later time, to the detriment of the body of producers not concerned in unnaturally affecting the market. Recognition of the principle involved here finds no place in the practice of American banks, because the system renders it impracticable; to lend their money to the best profit for the time being upon sufficient security is their guiding motive.

It was into such a system that the excessive currency issues were poured. If the over-issue of paper must have been fraught with some mischief no matter how sound banking conditions had been, how much more dangerous were they here? With a practically unlimited supply of money, real estate speculation, which had run a wild course in some of the far western States prior to 1891, spread into many other western and some eastern parts. In the city of Chicago the movement was on a prodigious scale, and in a number of other important cities, where the existence of a boom was not admitted, real estate was extraordinarily "active." There were numbers of "boom" towns too throughout the west (despite the collapses of such which had taken place within a short time previous in one or two of the States), and in one of these alone, Sioux City, a place of 30,000 inhabitants, something like \$55,000,000 were said to have been sunk, over 500 banks contributing to the funds of the companies operated by the chief promoters. Real estate speculation comprehends in boom towns, of course, the erection of costly buildings, the paving of miles of streets, electric lighting and

electric railways, and the formation of "Trust" companies for carrying on these operations.\*

Speculation in wheat and pork was also of an important character, and was carried on, of course, on bank loans. The moneys borrowed by the operators who attempted to corner May wheat, it is to be noted, were advanced by the banks with knowledge of the purpose for which their funds were to be used.

Besides the moneys improperly diverted to speculative purposes, it is clear that in connection with the development of industries to which the over-construction of railroads, etc., gave an abnormal stimulus, an immense amount of banking funds was unwittingly loaned in such a way as to represent fixed capital, and thus the banks aided in the excessive consumption of wealth in the construction of plant for future production, while, at the same time, imperilling the safety of their own funds. The further particular bearing of the conditions created by the banking system can best be shown in a brief review of the course of events immediately before and following the panic.

In order to form an idea of the course of the country's foreign trade, it is necessary to look back over the exports and imports of merchandise and gold. The following are the figures since 1881: (000,000 omitted.)

Year ending, 30th June.	MERCHANDISE.				GOLD.	
	Exports	Imports	Excess Exports.	Excess Imports.	Net Exports	Net Imports
1881	962	642	259			92
1882	750	724	25			1
1883	823	723	100			6
1884	740	667	72		18	
1885	742	577	164			18
1886	679	635	44		22	
1887	716	692	23			33
1888	695	723		28		25
1889	742	745		2	49	
1890	857	789	68		4	
1891	884	844	39		68	
1892	1,030	827	202		.5	

Roughly averaging the figures of the first six years, the

\* The existence of such an extensive speculation in real estate prior to the crisis is disputed, but the emphatic statements of the Comptroller of the Currency leave no room for doubt on this point.

excess of exports was at the rate of 110 millions per annum, with net imports of gold at the rate of 14 millions annually. The United States being a large debtor country, is, of course, the explanation of this favorable trade balance. The figures for 1887 and 1888, when merchandise exports and imports only balanced and gold imports were 58 millions, are not on their face intelligible, but doubtless the explanation lies in the large syndicate investments of British capital in American industries. Down to this point shipments of gold were to America, but 1889 witnessed the first important adverse balance of gold shipments, followed in 1890 by a small net export, and again in 1891 by a very large net export, making 121 millions in the three years. Here we have what seems to be unquestionable evidence already of the working of an inflated currency, for, of course, a nation does not export gold, except in a time of great stress, unless it has "money" to spare.\* But the figures of the following year mark the first serious effect of the silver policy—considerably the largest favorable balance of trade since 1861, and the imports of gold not quite balancing the exports! It is estimated that in this year 100 millions of American securities were sold on the New York stock exchange by foreigners, in fear as to the outcome of the silver question, and the above figures would seem to fully bear out that estimate. Here was a grave situation, indicating that failing cure of the silver legislation disaster could not now be long delayed. The policy which the commercial community should have pursued was clearly to take in sail largely, and I think it is safe to assume that, had the country been possessed of a really "National" banking system, thoroughly in touch with the mercantile interests of the country as a whole, with a number of large banks each in close relation with, and responsible for, the reasonable requirements of a certain portion of the business community, the banks must have appreciated the situation sufficiently to have been prompted to bring pressure to bear, each on its own clientele, to curtail production and importations as far as pos-

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\* The application of this principle would not be affected by any gradual liquidation of securities by foreigners, which may have been taking place, since this withdrawal of capital should naturally have been met by an excess of exports, because of the pressure to sell and the inability to buy so largely.

sible within the bounds of the immediate demand only, to limit their future financial engagements, and generally to get their business well in hand against the contingency of trouble being precipitated before the silver situation should be remedied. I do not think this is to any extent merely theory; we know that in Canada the policy of the banks, which is amended according to the state of the times as well as the state of the money market, does control the volume of trade; and under similar conditions to those in question, we cannot imagine but that their policy would be one of repression. It has been admitted already that the most perfect system could not have averted trouble coming sooner or later as a result of the silver purchases, but it could have done an infinite deal to prepare the country so that the effects would have been less serious.

Contrast the policy which should have governed with that indicated by events. In every month of the fiscal year commencing July, 1892, excepting only the three after-harvest months, October, November, December, the imports exceeded exports, the excess for the whole year running up to 93 millions,\* and the volume of imports being very considerably the largest in the country's history! And this in the face of further sales of securities by foreign holders, and continuous heavy shipments of gold amounting for the year to 87 millions! Production at home, too, seems to have been going on much as ever; warehouses and shop shelves were kept filled, and trade was running along as though times had never been more prosperous. Thousands of small banks, whose vision was limited by their local environment, and whose guiding principle at all times is and must be to keep their funds earning revenue, were oiling the wheels of this movement of trade, while those bankers who were conscious of the dangers of the situation looked anxiously on while things were taking their course, utterly help-

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\* The figures for imports for the year ending June, 1893, in the official statements issued in January, 1894, differ from those in the Government statements which had been issued at the time this paper was written. The net excess of imports over exports is in the January statement reduced to \$35,000,000. While, however, the difference between this and the figures I have quoted is considerable, there is still so great a reversal of the relations in which the totals of exports and imports should stand, that it would not have been necessary to modify in any material degree the conclusions arrived at herein.

less to stem the tide. In the month of March, 1893, when the situation was becoming very grave, and when the excess of imports was greater than it had ever been in any month before, speculators were holding back, on money borrowed from the banks, 40,000,000 bushels of wheat more than was being carried at the same time the previous year; money from banks was also sustaining the speculations in pork and provisions in Chicago; and at the very moment when the Treasury was making the most heroic efforts to maintain its almost exhausted reserve, banks were found in sufficient number, with the inducement of a high rate of interest, to supply the money for the attempt to corner May wheat. Could there be a clearer demonstration of the irresponsible character of the banking system, and of its part in bringing about the crisis?

It may be said that at the turn of the year 1893 the conditions had already been created leading to a crisis—to a period of extensive liquidation following the collapse of a widespread speculation—but it remains to show how the crisis was brought on when it was, and why the ensuing panic was so disastrous.

The gold reserve in the Treasury at the 1st January, 1893, amounted to \$121,000,000, but by the middle of February it had been drained down to \$108,000,000. In the face of this situation Congress had just voted to postpone consideration of the question of repealing the silver bill until the Autumn session, which alone disturbed confidence, and the banks were now looking anxiously for a declaration of what the Government's policy would be when the \$100,000,000 point should be touched. President Cleveland had, when previously in power, specifically laid it down that this \$100,000,000 was specially held for the redemption of the legal tenders, and the Government remained now for some weeks, while the free gold was fluctuating barely above zero, resolutely silent, evidently in the hope that the turn might come before the necessity for committing themselves to an inconsistency. Newspapers throughout the country kept their pages warm with a discussion as to whether the Government could and would trench on the \$100,000,000. The Government's silence was interpreted unfavorably, and finally it was rumored from Washington that when the reserve reached the \$100,000,000 limit the silver certificates would no longer be

redeemed in gold. The New York banks declared their willingness to assist the Treasury if they were taken into the Secretary's confidence, but the Secretary was reported as antagonistic to "Wall Street." Left in the dark as to the Secretary's intentions, the banks, while professing absolute confidence in the good faith of the Government, were yet in dread lest the improbable should come about, and instead of the Treasury having the assistance of the banks, the latter conserved their gold and gold certificates with the result that the percentage of those forms of currency in the Customs House receipts at New York, which in January had amounted to 13½ per cent., fell to 0 in May, the entire drain of gold for export being thrown on the Treasury. The whole attitude of the Government thus intensely aggravated the situation. The abnormal shipments of currency to the interior, which set in as early as February, seem to indicate that the continual discussion of the situation had created in the minds of the people the vision of a 57c. dollar, that many were already withdrawing their "money," while others, if we may judge by subsequent events, were in an attitude of readiness, only delaying their demands with the idea that if trouble should come it would be apparent long enough in advance to enable them in some way to stand from under. With the first marked signs of distrust among depositors, the purse strings of the banks were tightened; money which had been poured lavishly into the channels of trade and speculation alike, now came painfully, in response to high rates only, and with discrimination. A great body of the mercantile community found themselves in a position where, because of the absence of claim upon any individual bank arising out of the relation of banker and customer, they were in dire straits for funds to provide for obligations incurred on the faith of an easy money market. Speculations commenced to collapse, and banks which were identified with such undertakings came under fire. Two or three small affairs in Chicago succumbed in May, but the failure of the Plankinton Bank of Milwaukee (one of the worst offenders against banking principles), on the 1st June, marked the commencement of the panic. Under ordinary circumstances the failure of a bank here or there would of course have no particular effect, but the people's minds were in a state of alarm, and it needed little to start

the panic. The rest is but a story of failed banks and business houses, and the reckoning of losses.

To sum up, the causes of the crisis were :

In the main, the silver legislation, which brought about an over-inflation of the currency with all the attendant evils, including distrust abroad of the future monetary basis and the withdrawal of foreign capital.

But contributory, were :

(1.) A defective currency system, owing to which the notes outstanding in excess of the needs of the public, instead of being forced back for immediate redemption, were allowed to remain in the tills of the banks as so much loanable funds, to go to oil the wheels of speculation and bring about an over-expansion of trade, and finally to come back for redemption by the forces thus set in motion, when the dangers of the entire situation had been obscured.

(2.) A banking system, which no other one word so nearly describes as "irresponsible," under which, as we have seen, banking funds were diverted into the channels of speculation and to furnish fixed capital in over-developed industries, without the violation of established principles which could be to any great extent enforced, and under which production was sustained beyond a healthy point and importations were rolled up to the highest figures ever touched, at a time when both should have been largely curtailed.

And finally, the action of the Government in allowing political exigencies to prevail in the face of a dangerous situation, when the strongest assurances of the Government's determination to maintain at any cost the parity of the silver money with gold should have been unhesitatingly given. To this last is largely due the disastrous extent of the panic.

The objection may perhaps be raised to the views here submitted, that there have been equally severe crises in other countries and under other conditions—for example, in England—and that it is therefore futile to charge so large a share of the responsibility in this case to the *institutions* of the United States. It is to be remembered, however, that the responsibility for the later crises in England, as far as banking is concerned, is charge-

able to the errors of *bankers* rather than to defects in the system, and that since 1866 there has been no devastation from crises in England, the only approach to a far reaching catastrophe being the Baring crisis of 1890; and in this instance calamitous results were prevented only by the united action of the great banks, an attainment which would have been impossible under the scattered forces of the American system. Evidences all point to the conclusion that the freedom from crises in later times has been due to the experience gained by bankers, and that with the proper administration of the English system a comparative immunity from disastrous crises may be looked for. The distinction is that the American system is not one which could be administered to such an end.

I am not losing sight of the bearing on the entire question, of the enormous over-construction of railroads. Allowing for the greater wealth and population of the country, the development in this way in the ten years ending in 1893 was on a more prodigious scale than in any previous decade. But the destruction of wealth here involved need not necessarily have ended in a crisis, although the abnormal stimulus given to production in many industries must have ended in a period of depression more or less prolonged. I have not, therefore, set it down as a direct cause of the crisis, though it certainly has an indirect connection. Its bearing on the situation after the crisis, however, is, as I shall endeavor to show, all important.

#### RESULTS OF THE CRISIS.

When we speak of a commercial crisis we usually think of a period of hard times, because a crisis necessarily involves such a period—indeed it has perhaps come to be so regarded—but strictly speaking a crisis in this sense is the juncture at which a shock is given to an apparently prosperous but really unsound trend of affairs, and what necessarily follows is the result of the crisis.\* In the present case the first results were seen in the widespread failures of banks and mercantile houses, closing down of factories and the throwing of many hundred thousand people out of employment. These immediate results we all understand

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\* This merely in explanation of the distinction I have made between causes and results. The category might vary somewhat according to which definition of a crisis is accepted.



as the natural accompaniment of violently contracted credit, the sudden stoppage of those avenues through which capital was flowing to the production of wealth. What is not understood so clearly, and what the public are enquiring every day, is the reason of the prolonged depression and shrinkage of the volume of trade. What we have to deal with here is the resulting conditions which explain the phenomena of commercial paralysis, rather than to relate the facts which demonstrate the precise extent of that paralysis.

At the outset the most prominent fact we are met with is the vast number of people who have lost money in speculations of all kinds, and who will be compelled for some time to practice the most rigid economy in their expenditures. This in itself represents an immense shrinkage in the purchasing power of the people, but the worst results seem to lie beyond the actual amount of the wealth of individuals which has been swept away at the moment. The country has been committing serious economic errors, as in fact the existence of a period of speculation implies; the energies of an important proportion of the population and a large amount of capital have been diverted into undertakings for the existence of which there was no economic reason—which do not at the moment represent exchangeable wealth, and which, put to their proper uses, are not capable of earning any reasonable return. These undertakings in turn unduly stimulated production in many branches of manufacturing, etc., and to that extent the energies of a further body of men have been unwisely bent. The most important illustration of this, as stated a moment ago, lies in the over-building of railroads, the cessation of which must cause a severe shrinkage in the output of iron and steel as well as the output of all railroad equipment industries, for some time to come. Bearing on this we have the experience of what happened after the crisis of 1873, when the output of iron decreased and continued to decrease for some years, the consumption of pig iron falling off by nearly thirty-five per cent. The shrinkage in the present instance has been estimated to be even greater than this, at the moment between 40 and 50 per cent. The effect on the market for other raw materials which were used in connection with speculative undertakings is only

on a slightly smaller scale. Had the energies misapplied in these channels been directed to production in other fields within the limits of normal demand, the enforced idleness of these bodies of men due to a panic arising out of the silver danger would have been of shorter duration; the recovery would, no doubt, have been gradual and steady after the revival of confidence, because of the sound conditions at bottom; but in this instance immense numbers of the unemployed are for the moment thrown as it were out of the economic system, and readjustment must take place, development of the country's resources must start in new channels, to absorb this surplus labor. This result is always slow of coming after such a rude shock to credit, arising out of such conditions; capital, which before could be readily found for the projection of the most insane schemes, for a time now regards with suspicion the most promising openings for investment.

The economies of people who suffered by unfortunate speculations or broken banks, and of those indirectly affected, to the extent merely of reducing their income, together with the privation among the army of unemployed operatives, etc., represent a decreased purchasing power difficult to estimate; during the worst period, 40 per cent. would probably not be far over the mark, and for a long period it must continue to be a large percentage. It must be borne in mind that before the crisis money had been circulating freely and consumption was at a very high point, and that supply, which at all times tends to exceed the probable demand for the immediate future, was at the moment of the collapse tending to outrun the demand based on the then high rate of consumption. Such an enormous falling off in purchasing power following this situation, renders clear why the factory wheels are so slow to turn again.

The effect of the crisis upon the prosperity of other countries is of great moment. The country most affected is Great Britain. The manufacturing districts of England are passing through a period of extreme depression, of which much is attributable to the situation in America. The consequences to the trade of a country like Great Britain, of the collapse of so large a market for its wares, is not, however, a point which needs demonstration.

We must not forget, among the results of the crisis, the only thing in which any small measure of consolation can be found, the repeal of the Silver Bill. I suggested at an earlier stage the possibility that, could the panic have been postponed a little longer, the subsequent event of the closing of India's mints to the free coinage of silver, might have driven the Government to remove the cause of the panic without the need of the sharp lesson afterwards received, and while it was permissible to consider that possibility in the connection it was used, nevertheless, it cannot be conclusively shown that, without the pressure of the disaster which overtook them, repeal was yet in sight, and we therefore must ascribe the stoppage of the silver purchases as due in a greater or lesser degree to the crisis.

If repeal meant the end of their currency troubles, it might be regarded as in a greater measure a compensatory result of the severe experience, but the situation it leaves is far from satisfactory. The currency famine which existed when the trouble was at its height, seems to have induced the belief that the volume of currency was inadequate; or, at all events, that with the cessation of silver issues, it would immediately become so, in spite of the fact that the course of events leading up to the crisis points unquestionably to a redundancy. Congressional committees have been appointed, and some extraordinary propositions have come to the point of "serious consideration," looking to an increase by such means as the removal of the tax on state bank issues, the permitting of National banks to issue to the par value of Government bonds lodged with the Treasury, coining the seigniorage, etc., and it is not altogether unlikely that some of these propositions may yet become law. Without any such addition, however, the volume of currency is for present requirements excessive. In the course of time, with the increase of banking totals and the consequent larger banking reserves which will be requisite, this redundancy will be absorbed and the point will be reached where these increasing reserves will even mean a drain on the world's stock of gold (because of the fixed line of the credit-based paper currency)—a drain which, to the extent that it represents an excessive gold stock, it is highly desirable to avoid for the

very reasons which prompt the advocates of a larger volume of currency. But if the currency at the moment is redundant, say to as great an extent as 50 or 100 millions, after hoards come out again, what must happen before the increased necessities of banking reserves and money in circulation absorb it? When the Treasury redeems a silver note or legal tender in gold, it is not redemption in the sense of a note withdrawn from circulation and cancelled; it simply means that the gold held in the Treasury for its ordinary needs is replaced by paper currency, and this paper currency is pushed out into circulation again by the Government in its expenditures, and the volume of the currency remains undiminished. If this redundancy is slow in disappearing, the balance of gold shipments due to this cause may still continue against the country to a disturbing extent, and the sale of bonds by the Treasury to meet the drain for note redemption may not yet be over. The crisis results in the repeal of the Silver Purchase Act, but repeal leaves the situation outlined above.

A very important result of the upheaval following the crisis is the effect it must have on the current of foreign investment capital. The experience of British investors in various forms of American securities in late years has been disappointing, and taken with the revelations in connection with American methods of railroad management—though this is by no means a new story—it cannot but largely check the flow of capital to the States for some time to come. Coming almost simultaneously with the crisis in Australia, and with Argentina not yet out of recollection, we may expect that British investors will be timid and cautious for a space. Meantime the field for investment is narrowed, and as we have not sinned in recent times, we may assuredly expect to benefit through the appreciation of our securities on the British market—indeed, that desirable result seems to have already come about. The fact that such a financial storm could rage at our very doors with hardly a tremor being felt in our own financial system, has not failed of appreciation abroad—and properly so, since we certainly must have suffered if existing conditions had not been sound.

Another possible benefit which may accrue to Canada as a result of the crisis in the States lies in the matter of immigra-

tion. The tide to the States has been checked for a time; in the past year an immense number of emigrants have turned back on reaching the American shore; and until affairs there decidedly improve, the attractions of citizenship under the republic will surely lose some of their force in the eyes of emigrants. It would doubtless be vain to look for an enormously increased flow of immigration to Canada, but viewing it as an abstract proposition in Political Economy, with the re-commencement of emigration Westward at a normal level, a moderate increase is altogether probable.

#### WHAT CANADIAN BANKERS MAY LEARN THEREFROM.

I do not know that Canadian bankers learn anything in the way of banking principles from the crisis in the States. The misapplication of the country's banking resources has been due to the violation of no principles which are not acknowledged by Canadian bankers, whatever the degree to which they may not always have lived up to them. But in the way of demonstration of the wisdom of many principles which bankers here may at times have been inclined to regard as of greater force in theory than in practice, we doubtless learn much from the results of our neighbor's sins.

In the matter of real estate speculation we happily did not need any education; under Canadian banking ideas it is difficult to imagine funds being forthcoming for any *widespread* speculation in real estate. But in the lending of money to the mercantile community the practical demonstration of the working of some economic laws cannot be without profit to ourselves. It is a guiding principle in Canadian banking that banking funds should not be loaned to individuals under such conditions as to represent in any sense fixed capital in their business, and the only departures from this are probably in cases where outside security forms the real basis of the transactions. Under present quiet-going conditions any evil which might be traceable to this latter is so obscure that practical bankers are not inclined to weigh it against the opportunity of employing funds safely and remuneratively, but should conditions be changed and a period of rapid development set in, bankers will doubtless be cautious of aiding in the consumption of capital through the projection of

enterprises of a speculative character or in advance of the country's capacity and needs, even where advances made in such connections are amply secured by realizable wealth of the promoters. "On them it mainly depends whether the men who "acquire the wealth of the nation, its stocks of commodities "which they reach by the banker's agency, will employ it "wisely, by applying it to processes which will reproduce its "consumption, or waste and destroy it by prodigal expenditure, "or unskilful trade, or reckless speculation, or in creating an "excess of fixed capital which will not for many years replace "its cost of production."\*

No better exemplification could probably be found of the evil which is likely to result where the functions of banks are not properly exercised, than that afforded by the late crisis. Economists have laid it down that as commodities are produced to be consumed, it is good that they should be exchanged as quickly as possible. It is much upon this principle that the view already referred to herein is founded, that it is one of the functions of banks to facilitate the circulation of commodities for the benefit of the community as a whole, and that the funds of banks, which are to a very large extent the means of the general public, should at no time be lent to aid one portion of the community to hold back commodities from the market in an effort to extort unreasonable profits from the other. Canadian banks have not erred in this respect in late years. Produce dealers and millers are required to clean up their accounts before going into the market for the next year's grain crop, and manufacturers and merchants are also, as a rule, required to pay off accommodation advances at certain stated seasons. These requirements, however, have probably come to be enforced now-a-days (owing to the sober minded trend of our commerce), for the most part because of the test they afford of the existence of the security in the case of produce dealers, and of the realizable character of merchants' and manufacturers' assets, though the wider bearing is of course not altogether lost sight of. Events in the States emphasize this wider bearing, and in such a way that it cannot

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\*Bonamy Price.

but be of benefit to Canadian bankers should a tendency to speculation be manifested at any future time in a period of rapid development. The banking and commercial interests of Canada are so intertwined, and the controlling influence the banks exert over the course of the country's trade is so great, that with the continued wise exercise thereof a crisis distantly resembling that of 1893 in the United States would be an impossibility.

*What is the best course for a banker to take during and after a financial crisis, or a period of great financial stringency?*

Narrowly interpreting this question the answer would be brief; a purely financial crisis implies a monetary panic, and the choice as to the proper course in such a case is not very wide. But I presume, and the idea is strengthened by the last few words of the sentence, that the question is intended to call for a statement of the best course to be taken in a crisis brought on by a period of speculation and overtrading, with a view to avert a monetary panic.

Some of the ground of this question has been covered in the numerous discussions respecting the issues of the Bank of England prior to the Act of 1844, though the two questions are not absolutely identical. There arose out of the mismanagement of the Bank of England issues during several crises before 1844, a controversy as to what the policy of the Directors ought to be in such times, and it is claimed by economic writers that there were at that time two schools of opinion, one maintaining that provided the exchanges were favorable, the issues of the Bank should be liberally expanded so as to support all commercial houses which could prove themselves to be solvent, and the other maintaining that the Bank "should rigorously restrict its issues and give no aid to commercial houses." That the latter view, however, ever received any important support is extremely doubtful; it appears to be merely a very free interpretation of the views of those individuals who were inclined to criticize the Bank's policy of expansion under special circumstances only, or the view imputed to those who lacked the courage needful to put the expansive theory in force; but, at any rate, if the restrictive

theory as quoted above ever existed, it has been effectively disposed of, and the soundness of the expansive theory demonstrated again and again. The case of the note issues before 1844, is not, as I have said, identical with that we have to consider here, but the principles involved are in all essential respects the same. Since the limitation of the issues by the Act of 1844, on the "currency principle," however, the conditions under which the Bank of England has been managed are such that whatever lesson is to be learned from the course it has pursued in times of great financial stress, may be quoted as the most direct evidence on the subject in hand that could be forthcoming.

The panic of 1847 owed its origin to speculations in grain which was imported into England in the summer in enormous amount. A great decline in the price of wheat brought about the ruin of the houses which had been engaged in the speculation, and following this came the failures of numbers of houses which had been engaged in other unhealthy ventures in the east, and finally, at the height of the panic, the failure of banks in the west of England and in Wales. The Bank of England parted with almost its entire banking reserve in support of the general situation, advancing innumerable amounts ranging from £50,000 to £800,000 to banks and important mercantile houses, in many cases on securities not usually admitted. The end of the panic came with the removal for the time by Parliament of the limitation to the note issues, and the knowledge that the bank had resources to continue its liberal policy. Authorities all agree that had the Bank not followed the course it did, the most appalling disaster would have overtaken the country.

The experience in 1857 was somewhat similar. A crisis in America so severe as to be accompanied with an almost universal stoppage of the banks there brought about a great and sudden depreciation of railroad securities. Eighty millions sterling of these and other American securities were held in England, while many English and Scotch houses were much involved with American firms. Failures in Britain due to these causes set in and ended in a crisis with results more severe than those of the preceding panic, the Western Bank of Scotland and the City of Glasgow Bank suspending payment. The Bank of



England again gave liberal assistance to banks and mercantile houses, continuing discounting until its reserve was down to some £500,000, at which juncture the Government again suspended the Act.

The formation of several hundred Limited Liability Companies for the promotion of schemes for the diversion of capital into "enterprises which could never repay their cost until completed, which might take years to do," was the origin of the crisis of 1866. The failure of many important railway contractors with whom Overend Gurney & Co. were known to be concerned led to distrust of that great firm, and to its immediate downfall. The failure was not known till after banking hours. On the following day the excitement in London was said to have been without parallel, and in the evening the announcement was made in the House that the Government had informed the bank that it would follow the precedent of 1847 and 1857 and permit the issue of notes in excess of the authorized limit, if necessary. The policy which the bank pursued on this occasion is indicated in the following statement afterwards made by the Governor of the Bank :

"This house exerted itself to the utmost, and most successfully, to meet the crisis. On the morning on which it became known that the house of Overend Gurney & Co. had failed, we were in a sound and healthy position, and on that day and throughout the succeeding week we made advances which would hardly be credited. I do not believe that anyone would have thought of predicting, even at the shortest period beforehand, the greatness of those advances. . . . We had to act, and before the Chancellor of the Exchequer was perhaps out of his bed we advanced one-half of our reserves, which were then certainly reduced to an amount we could not witness without regret. . . . We would not flinch from the duty we conceived was imposed upon us, and I am not aware that any legitimate application made for assistance to this house was refused. Every gentleman who came here with adequate security was liberally dealt with ; and if accommodation could not be afforded to the full extent which was demanded, no one who offered proper security failed to obtain relief from this house."

A policy in keeping with that followed in the three crises referred to above prevented the Baring crisis of 1890 from culminating in the most terrible monetary panic recorded in history. And in this case it was adopted at a possible—now developed into a probable—severe loss to the banks, a loss, however, probably many times less than the banks would have suffered directly and indirectly had they attempted to stand from under.

It may be urged of course that it is one thing to grant every "legitimate application made for assistance" under a system where at the proper moment the authority of the Government only is needful to issue unlimited promises to pay which will everywhere be esteemed the equivalent of gold, and quite another thing to adopt such a policy in a country—say like Canada—where no such ultimate assistance may be expected. It would suffice, however, for our purposes if the policy adopted in the instances quoted here indicated alone a tacit acknowledgment that the restrictive policy at the moment of a crisis is likely to be attended by universal disaster, but the evidence is not offered only as a sort of negative authority. It must be borne in mind that while in England there is always the suspension of the Bank Act to hope for at the last ditch, the money market of London is for many reasons the most sensitive in the world and liable to sudden and severe drains from the four quarters of the compass. The reserves of the English banks are centred in the Bank of England, the amount of that reserve is visible to the public from day to day, and any large sudden shrinkage is watched with anxiety which when a certain point is reached is apt to culminate in alarm and to seriously aggravate the situation. In Canada there is no such central reserve to serve as a daily barometer to the public; the bank reserves are held in such ways that a considerable portion of them might be utilized without the public really appreciating the fact that the total reserves had shrunk; added to which the bank statement is only issued at such intervals that a situation might conceivably arise, to meet which a serious depletion of reserves must take place, and the breach be repaired within five or six weeks without the public being the wiser; but to these incidental circumstances is added the fact that our modest money market is not exposed to fire from outside sources to any

appreciable extent, and that the financial system is free from complexities. Thus there are conditions here also which render it quite practicable to adopt a liberal policy to ameliorate the results of a crisis and avert a monetary panic.

I do not see that this question can very well be discussed, as called for by the original question, from the point of view of the banks and the commercial community separately; what is for the good of the commercial community is clearly for the good of the banks. Even if the interests of the banks and the commercial community could be regarded as distinct, it must not be lost sight of that the banks have a duty to perform towards the public, to support the country's commercial interests in a time of peril; they are the custodians of part of the country's wealth which they are bound to administer for the best interests of the public. I should suppose that there could be no question but that the best and the only proper course for banks to take during a period of financial stress would be to lend their reserves to whatever extent is necessary to sustain the credit of all worthy commercial houses until the danger of panic is over; it would doubtless be policy, even at the risk of a somewhat greater loss to carry important houses whose affairs may be involved until liquidation can be undertaken without danger to the general situation; and certainly it would be folly at such a juncture for example, for a bank to cease discounting a customer's trade paper because of its being of an inferior quality when it had readily accepted the same paper in an easy money market.

The objection to the policy of liberal advances at such a time, is of course that should a panic take depositors when the reserves had been depleted in an effort to sustain the situation, the banks could not withstand a run. The deposits, however, which would be demanded in such a case are those which are subject to notice, and as experience has shown many times, and notably in the States during the recent crisis, that a panic has not the *vitality* to survive the notice, it is submitted that the expansive policy is by this provision reasonably safeguarded. The restrictive policy might fairly be likened to removing the timbers from embankment works on a dangerous hillside in order to construct with them a protection, of extremely doubtful

strength, at the bottom, against a landslide, precipitating a catastrophe which would probably not have happened had the supports not been removed.

The expansive policy could only be adopted in Canada through united action on the part of the banks and an understanding between themselves that notice would be exacted whenever it was clear that deposits were being withdrawn to an appreciable extent for the purpose of hoarding. For an individual bank to discount with the utmost freedom from patriotic motives while other banks were curtailing their advances, would quite possibly end in the downfall alone of the institution whose course had been worthy of commendation.\*

I would not be understood by a reservation in the previous paragraph as maintaining that an individual bank would under any circumstances be justified in cutting off its regular customers while their requirements are within the usual lines, in order to build up a strong reserve. Such a policy would be unpardonable. Where because of the attitude of other banks it is not possible to adopt the wise policy of sustaining credit in a panicky situation by liberal aid to solvent houses, the bounds of a bank's prerogative would probably lie in withdrawing credit facilities from its customers as far as concerned any engagements contracted after that date.

Nor will it of course be understood that the policy of expansion here advocated comprehends in any way aid afforded to postpone the settlement of speculators' losses; where a crisis has been due to a period of speculation, as crises usually are, the speculators should be left to bear their losses, and the sooner the unhealthy superstructure so created is swept away the better.

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\* I am aware that there is a selfish view which might obtain with individual banks under certain circumstances to prevent such united action; but there is only the one course which could be followed in a time of general panic without sacrificing the commercial community. Whether any course but this one would be justifiable would depend altogether upon the view taken of the duty which the banks owe to the community as a whole.

## THE EDUCATION OF BANK OFFICERS.

1ST PRIZE ESSAY, BY D. M. STEWART.

*What are the special subjects necessary to the education of a good bank official in Canada, and in what ways may he make himself of most service to a bank, and thereby place himself on the best road to promotion ?*

The intention of the question submitted seems to indicate that papers written upon the subject shall refer to officials below the rank of accountant, and the following remarks must be considered as applying only to officers who come within that category.

The young man who would be successful in a bank must first of all be equipped with a good practical education. It need not necessarily be a university education, but should certainly embrace the ordinary curricula of a well equipped public school. Penmanship, arithmetic and commercial geography may be set down as subjects of primary importance, whilst modern languages (French and German), stenography and commercial law may be placed in a secondary position in this respect, for although they are not absolutely essential, they are extremely desirable. It seems hardly necessary to go into details as to the degree of proficiency necessary in these subjects, but it may be well perhaps to touch briefly upon them in passing.

Banks, as a rule, are very particular about the handwriting of their clerks; their drafts, credits and correspondence go to all parts of the world, and for purposes of negotiation, if nothing else, the necessity for legibility and neatness in the writing must be apparent to all.

With regard to arithmetic, a bank clerk's existence is amongst figures, and he should be thoroughly familiar with fractions, proportion, interest and discount, also the moneys of foreign countries, especially those of the United Kingdom and Europe.

Geography should include a knowledge of the location of all the principal cities and towns in the world, especially those of Europe and the United States, as well as the abbreviation for every State in the latter. The business of importers is conducted to such a large extent by means of bankers' letters of credit, that a knowledge of the exports of the different nations with which we have commercial relations is very desirable, if not necessary.

Of course a knowledge of the history, resources and trade of the Dominion is quite essential.

Commercial law, stenography and modern languages indicate a liberal education and are very useful in certain positions in a bank, whilst a knowledge of French is necessary in some parts of the Lower Provinces.

A man's education, however, must not cease when he bids farewell to school days and enters the service of a bank. To be successful one must be constantly undergoing a system of self-education. For this purpose general reading tending to the improvement of the mind, of course, is good, but the best kind of reading for a young banker is that which imparts the greatest amount of instruction in his business. The profession of banking furnishes a wide and interesting field of literature, the important branches of which should be imbibed from time to time and a large share of attention and study given to them. Let us state here that *experience*, of course, furnishes the very best kind of education for a banker, but it would be folly for a young man to sit down and wait for practical experience—which comes to some more by length of service than anything else—without first becoming theoretically familiar with the salient points of his profession.

Technical reading supplies him with a vast amount of knowledge that experience—to which it should be preparatory—does not, and its importance is therefore apparent. There are a great many excellent books upon banking in all its branches, but of technical literature, political economy is pre-eminently a subject for study. It is so closely allied with banking, its principles and functions, that every one should be more or less familiar with it. It is a science upon which all writers have not agreed or arrived at satisfactory conclusions, but there are cer-

tain inviolable laws of which it treats, and for all practical purposes the standard works of such men as Adam Smith and John Stuart Mill furnish the young banker with a fund of information upon these laws—relating as they do to the distribution of wealth and economic principles of finance—quite adequate to his requirements.

In addition to being familiar with the coinage and currency of other countries and their values as compared with our own, it is well to be somewhat familiar with the systems relating thereto, but a study of the Canadian currency system and the laws relative thereto is of primary importance. So much has been spoken and written upon this subject of late that it is not difficult to obtain information about the matter.

Knowledge of this nature the average bank clerk does not have an opportunity to turn to practical account, but it is none the less necessary on that account that he should avail himself of it, for it facilitates promotion, and it inspires one with ambition and a desire to attain to a position whose functions demand its practical application.

A good bank clerk must almost of necessity be a good correspondent. An immense amount of a bank's business is conducted through the mails, and it is practically unknown to many in any other way. The importance, therefore, of having its correspondence faultless in grammatical construction, orthography and composition cannot be over-estimated. Brevity, precision and legibility are the chief requisites, and it should be borne in mind that the personnel of a bank is not infrequently judged by the character of its correspondence.

Of the various subjects necessary to the education of a good bank official, there is none more important than office routine. This must not be taken to mean a mere mechanical acquaintance with the clerical duties of a bank; it includes a knowledge of the laws of the country with regard to bills of exchange, the Bank Act, and commercial law generally. One should know the law with regard to the surrender of bills of lading, warehouse receipts or other securities, the position of the bank towards the other party in the transaction, and *vice versa*. As a rule, securities are surrendered only upon the authority of the Manager or other responsible person, but it is none the less necessary, for many

reasons, that the man who handles them in a clerical way and acts under orders, be familiar with the law relating to them.

How to "make himself of most service to the bank, and "thereby place himself on the best road to promotion," is a question the writer has been trying to solve for several years, and it is one which must confront every ambitious young man. A bank clerk is so much at the mercy of circumstances, however, that it is not easy to lay down any definite rule on the subject.

Obedience, punctuality, courtesy and honesty may be said to be essentials in the office, whilst uprightness, integrity and reticence about the bank's affairs or those of its customers, are essentials outside of it.

A man may make himself useful by procuring information about customers or others. This may be such as to save the bank from probable loss, or that would be the means of introducing new customers to the bank and thus helping to build up its business. It is of the greatest importance to a bank Manager to obtain early and accurate information of occurrences in the financial world or in any way connected with the bank's customers or correspondents. The most important source of information to a banker is found in the newspapers, and any one who reads these systematically must be well informed upon current events. Very little goes on that does not appear in the daily press in one form or another, and when one supplements this with careful reading of the summaries in the periodical financial journals and magazines, a valuable stock of information is acquired.

By personal contact with men outside of the bank one often picks up valuable news, and the acquaintance of brokers and club men in the large cities as a source of information, is often worth cultivating. By taking an interest in the affairs of the community in which he lives, the bank clerk stationed in a rural district soon becomes acquainted with every one in the place. Gossip generally abounds in such places; people are forever talking about their neighbors, and one who has his eyes and ears open is pretty sure to learn of little occurrences that may prove important when transmitted to the proper quarter. A straw shows which way the wind blows, and so gossip often proves the stray shadow of coming events. Information gath-



ered in this or any other way should be immediately conveyed to the Manager or other responsible person.

In all departments of life a gentlemanly and kind attention to men with whom we have business relations is cheap, but very valuable capital, and this is particularly applicable to bank officials. Affability and agreeableness to the bank's customers is always appreciated, and this courtesy should not be limited to banking hours. One's personal affairs should always be so managed as not to reflect adversely upon oneself or the bank. Debts should not be contracted and gambling and improper associations of any kind should be carefully avoided; they only detract from a man's own dignity and serve to bring the name of the bank into disrepute,—for people never seem to forget that you are a "*Bank Clerk.*"

There is no mercantile profession in which Character plays so prominent a part as banking. It is character that inspires the public with confidence, and confidence is everything to a bank. In times of financial distress and trade depression, it is to the executive officers of a nation's monetary institutions that the people turn for relief, and panics and financial disasters have been minimized, yes and avoided altogether,—because the people placed sufficient confidence in the bankers to act upon their suggestions and follow their advice. Such occurrences do not take place simply because the banks are the custodians of the people's wealth, or because those who manage them are better fitted to grapple with them, but also because the people have faith in the *character* of bank officials for honesty, integrity and reliability. Now I am aware that these remarks seem to soar above and are not therefore applicable to officers holding subordinate positions in banks, but if character forms so great a factor in the higher officials, it must assert itself and be cultivated by those who are at present young in the profession. "The child is father of the man," and the bank clerk of to-day, who will (it is hoped) be the financier of the future, must so mould his character as to inspire those with whom he *now* comes in contact with a certain degree of confidence, which will widen as he grows older and become more powerful and widespread as he approaches the pinnacle of fame to which so many beginners are looking forward to-day.

Gilbart, an eminent English writer, expresses himself upon this subject as follows: "Banking exercises a powerful influence upon the morals of society. It tends to promote honesty and punctuality in pecuniary engagements. Bankers for their own interests have always a great regard to the moral character of the party with whom they deal. They enquire whether he be honest or industrious, tricky or idle, prudent or speculative, and they will more readily make advances to a man of moderate property and good morals than to a man of large property and inferior morals, and the banker's goodwill will be the means of procuring for him a higher degree of credit with the parties with whom he trades. . . . They encourage the industrious, prudent, punctual and honest, while they discountenance the spendthrift, gambler and knave."

In addition to being prudent, courteous and industrious, to be a successful banker one must have a keen knowledge of human nature. For business purposes it is often necessary to approach men upon subjects about which they are extremely sensitive. To obtain private information and draw from a man secrets he does not wish to disclose, without offending him, is a most desirable faculty and one which enhances a man's usefulness to a bank.

The general utility of a man, however, as has already been stated, is largely governed by circumstances. The place in which he is located, the position he occupies, and the people with whom he comes in contact, all afford opportunities for making himself useful, and to show precisely how he can make himself *most* useful is rather difficult. Our remarks thus far have dealt chiefly with the manner in which one can be of service to the bank when not in the office, during which time he is not under the immediate supervision of the bank.

A man can make himself useful during office hours by cheerful compliance with the rules, by manifestation of interest in his work and a desire to help whenever and wherever his assistance might be necessary, and by intelligent application to the duties assigned to him. A man should also try to obtain some knowledge of the other positions in an office, so that in case of emergency he could fill a vacancy without much trouble; he would thus be very useful to the bank.

Before concluding these imperfect remarks we are constrained to look about and see who the men are that stand at the head of our profession to-day, and to ask by what means *they* have arrived at such exalted positions. It is very unfortunate that the information gleaned from books upon this subject is very scant indeed, for beyond an occasional brief sketch in some financial periodical, the biographies of the "Men who have risen" are not yet public property. From all available sources, however, we learn that the general managers, cashiers and agents of our leading institutions, are first of all men of experience. Secondly, they are highly educated and thoroughly versed in banking lore; and thirdly, they are men who have made the best use of their opportunities, and whose characters are unblemished by dishonesty, corruption or immorality. Many of them received their education and early training across the Atlantic; others, and some of the most notable, have been brought up entirely under the Canadian system, and a few have never wandered outside the fold of their own institutions or the bounds of the Dominion. They are men of keen observation, who have become thoroughly familiar with the methods and peculiarities of doing business in the various localities in which their lot was cast. They are thoroughly conversant with the resources of the country, its trade and commerce.

Some years ago at the annual meeting of one of the banks, the President—referring to its executive officers—spoke as follows: "I have no hesitation in saying that in them we have "men of the highest character and integrity, enthusiastic in the "study of their professional duties, thoroughly devoted to this "Institution, from whom the Shareholders may expect services "of an eminent kind."

Further expatiation on our subject is unnecessary; these words afford ample evidence as to how these and other prominent bankers have achieved success, and it is clear that those young men to-day who would attain to eminence in the profession also, must pursue a course based upon such principles. What then can be better than to emulate the examples of such men? By so doing we cannot fail to be of service to the bank and thus place ourselves on the best road to promotion.

## ON THE EARLY CURRENCY OF CANADA.

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*“Broadly speaking, the currency history of Canada consists in a transition from the French écu to the silver Spanish dollar, and from that to the gold dollar of the United States.”*—Chalmers, Currency of Canada.

In studying the records of the Trade and Commerce of Canada in the library of Parliament and the Dominion Archives at Ottawa, I was struck by the great want expressed at all times of an adequate circulating medium. The lack of currency seems to have been a great hindrance to the expansion of trade, from the early times when Canada was but a struggling colony on the banks of the St. Lawrence, well down into the present century. In the following sketch I have noted some of the devices resorted to, and others proposed but never brought into effect, to supply the place of money.

During the “Old Regime” in Canada, France seems to have been very liberal to her distant colony, granting almost every petition for aid from those colonists desirous of starting in any industry, but owing to the fact that all supplies had to be received from the mother country and that the colonists produced almost nothing, the only export for a long time being in furs, and this trade chiefly in the hands of monopoly companies, it took all the money they could scrape together, and often would have required more, to adequately supply their necessary wants.

This want of money seems to have been of great moment to the Intendants, who had no means to pay the troops, which it was necessary to keep constantly under arms to hold the Indians in subjection. In consequence of this want all sorts of measures were adopted to keep what money came into the country in circulation, hence we find the court of Versailles in 1670 causing a special sort of money to be coined for use in Canada, not to exceed in all 1,000,000 francs, and setting a nominal value upon it of one-fourth part less than the current coin of the mother country. This, however, had no effect, no doubt owing to the fact that those supplying the colonists with necessities had to

receive this money at its nominal value, or nothing, and may we not feel assured that those supplying the goods so regulated their prices as not to lose anything.

In the early part of the "Old Regime" beaver skins long served as a currency, and in 1669 the council declared wheat a legal tender at four francs the minot,\* and five years later all creditors were ordered to receive moose skins in payment, at the market rate.†

It was customary for the Intendants to pay the troops in January of each year, but as the money for that purpose did not arrive until late in the spring, they were often sore pressed to satisfy the soldiers, hence we find that the Intendant, Jacques de Meulles, conceived the idea in 1685 of issuing the famous "Card Money." So much has been written about the early fiat money of Canada (Wampum and the Card Money) that it is not my intention to do more than make passing mention of the same. Wampum consisted of small tubes three-quarters of an inch long made from sea shells worked up into Wampum Belts. These were of two colors, white and blue. The shells for the latter were brought from the Gulf of Mexico. Their value in exchange was, for the white, one sou or half penny, and for the blue, two sous or one penny.

Wampum was at one time a legal tender, but ceased to be so in 1670. It, however, continued to be used amongst the colonists for about thirty years, and some writers say amongst the Indians as late as 1825. That it was used until about 1800 is no doubt true, for we find an act passed by the legislature of Lower Canada in 1793 to permit the importation of Wampum. This form of money early ceased to be of value, however, owing to a cheap imitation in glass being brought over from Europe.

The first issue of Card Money, as before stated, was in 1685, in bills of three values, four francs, forty sols, and fifteen sols.

These denominations were chosen as they enabled the Intendant to make the necessary change for a soldier's monthly pay.

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\* About three French bushels.

† Edits. and Ords.

Redemption of this issue was so thorough that to this day not one specimen can be found; even those sent home to France as samples are missing.

The second issue was by M. de Champigny on 19th Nov., 1690, who repeated it in 1691 and 1692, owing to the supplies from the old country being lost. Of these issues, as of their predecessor, no stray specimen has ever turned up.

This card money seems to have been issued at intervals, the denominations of each issue varying considerably, until 1714, when the amount had risen to about two million livres, and not having been regularly redeemed, they fell into discredit. A settlement was however reached in this year to the extent of one-half of the amount outstanding, and all further issues forbidden. This did not last long, for in 1717 this card money was renewed, and again in 1729, and continued until Oct. 15th, 1759, when by a decree of France, the payment of expenses for the colony was stopped. After a great deal of correspondence from the chief holders of Canada paper money, a committee was appointed in London, to whom a power of attorney was given, dated 27th Dec., 1765, which gave them power to make what settlement they could with the Court of France of all bills then outstanding.

The French Government seems, however, to have thrown many obstacles in the way of a just settlement. One was the appointing of a date, Dec. 25th, 1766, by which all bills must be presented. This, however, was not satisfactory to the committee, as it did not allow sufficient time for the remote settlers in Canada to send in their claims. After much correspondence the French consented to make the time for redemption commensurate with distance.\*

It was also proposed to liquidate the paper money by granting the holders thereof stock in the French Funds, but to this they made objection, as owing to a recent reduction in the interest on these securities, they had fallen to 24 per cent. below par on the London market. The holders eventually had to accept stock, however, bearing interest at four per cent., and afterwards four and one half per cent.

The merchants of London, trading in Canada, seem to have

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\* As per memo. of French Ambassador, Nov. 11, 1766, transcript in Canadian Archives.

been large holders of this suspended paper money, and not being satisfied with the result of the committee's progress, so far, they petitioned Parliament, in November, 1766, to intervene and demand a settlement. To this petition is appended a memorandum explanatory of the Canada paper, which I will quote :

“ The Paper Money of Canada is of two different kinds, viz :  
“ Bills of Exchange and Ordinances and Cards; the first consist-  
“ ed of Bills drawn from the Colony, by the Paymasters or Treasurers,  
“ on the King's Treasury in France, which were regularly discharged until the 15th Oct., 1759, when their payment  
“ was suspended till after the peace. These Bills were issued  
“ in the month of October of every year, to all such persons as  
“ paid a value for them in specie, or in Ordinances and Cards,  
“ and were a convenience for the Merchants in Canada, who  
“ were thereby enabled to remit their property to their correspondents in  
“ Old France, without risk or loss, the said Bills being drawn in firsts,  
“ seconds and thirds. The second sort of paper money was in Ordinances  
“ and Cards, which were issued by the Intendant in Canada, in payment  
“ of all the expenses incurred in the Colony, in the service of the King  
“ of France. These Ordinances and Cards being made payable to the bearer,  
“ were esteemed by the inhabitants of equal value with specie, and  
“ accordingly became, in time, almost the only currency in the Colony ;  
“ and the bills of exchange aforesaid. When the conquest of Canada was  
“ made by the English, there naturally remained a very large amount of  
“ the above paper money undischarged, which continued so to the last  
“ ‘ Treaty of Peace,’ by which that Colony being ceded to the Crown  
“ of Great Britain, the Canadians became British subjects, or at least  
“ such part of them as remained there after the expiration of the term  
“ granted them to retire to France, and the Court of Great Britain,  
“ by this acquisition, contracted a right to demand the payment of  
“ their property, which of course became British.

“ Whilst the Treaty of Peace was in agitation, some merchants,  
“ amongst whom was Mr. Vilars, represented the case of the Canadians  
“ to the Administration, in consequence of

“which the following declaration was obtained from the Court of France, relative to this object, and the same was annexed to “the Treaty of Peace.” \*

The declaration referred to is too long for quotation here, but provides for the punctual payment of all bills.

That this promise was not fulfilled is evidenced by the fact that a final settlement of this paper money was not reached until the year 1772, and then at a loss of about fifty-two per cent.

In mentioning the final liquidation of this paper I do not want to convey the impression that its issue was detrimental to Canada—far from it, for a perusal of the history of the eighty years that it was in circulation shows that much was accomplished by it, and in the hands of a people more progressive in agriculture and commerce it might have been of inestimable value. Its final collapse only occurred when the Government of France relaxed its control, and thereby permitted the Intendants to issue it at will, for selfish purposes.

After the final withdrawal of the card money the colonists had to revert to what specie they could get, to make their payments, or where this was not to be had, they were compelled to give their promissory notes, which seem to have circulated from hand to hand as indicated by a letter of Lieut.-Governor Simcoe quoted later on.

The first act of the British in connection with the currency of her newly acquired colony, was to pass an Act on September 14th, 1764, which came into effect January 1st, 1765, laying down ratings for the various coins in circulation, on the basis of a proclamation of Queen Anne, in 1704. This Act was repealed in 1768, as the clipped and worn state of the coins made it impossible to establish any true relative value in them.

In 1777 proclamation money gave way to Halifax currency.

In all their letters to the Home Government the British

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\* From Transcript in Canadian Archives.



Governors, as their French predecessors, refer to the scarcity of a circulating medium and are constantly sending requisitions for specie, which are more often refused than filled.

We, therefore, find Lieut.-Governor Simcoe, in a long letter, dated September 1st, 1794, upon the State of the Colony, addressed to His Majesty's Lords of Trade,\* drawing attention to the languishing state of trade, especially the export trade. He gives as his opinion that two things are necessary to revive this, viz.: that the colonists should be encouraged to adopt a staple article of export and that they must have an adequate circulating medium. To kill these two birds with one stone he proposes the following novel scheme, which I will present in his own words :

“ I should state that during the late war, being in Virginia, “ I was so forcibly struck with the advantages derived to that “ colony from the use of notes, on the receipt of tobacco, as a “ circulating medium, that I have ever since retained the “ strongest impression of its utility. I have been lately “ informed that Brissot the Frenchman had adopted similar “ ideas from the same observations. That as it is proposed “ that a sum of money in specie be sent from England, this “ shall be taken over by a board of trustees, to be composed “ from members of the Legislature and the chief merchants, “ that they erect a general storehouse for flour at Montreal “ below the rapids, and branch houses at the termination of “ navigation of the different lakes, that a head inspector be “ placed in charge of the general storehouse, and minor “ inspectors at each of the branch houses, to adjudge the “ quality of the flour and so keep it up to a certain standard. “ The price to be paid for the flour, to be fixed from the average “ prices current for the past three or four years. That for “ every barrel received a note should be given, to be payable in “ gold or silver, on demand at stated periods. That these notes “ be made a legal tender in payment of all taxes.”

These notes he goes on to say “ will circulate freely amongst “ the people, and will be preferable to the merchant's notes now “ existing, whose excess cannot be regulated or regulate itself,

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\* Transcript in Canadian Archives.

“and whose mode of payment is not unconditional.” He further points out that another good feature of this scheme is that by it, the Government would have control of the flour trade and thus prevent it becoming a monopoly of a few merchants.

This proposition does not seem to have met with the approval of his Majesty's advisers, for there is no record of its adoption, and the unsatisfactory state of the circulating medium becomes more apparent every year.

On June 3rd, 1796, an Act was passed by the Legislature of Upper Canada providing for the better regulation of certain coins current in the province, and enacting that the British Guinea, Johannes of Portugal, Moidore of Portugal, American Eagle, British Crown and Shilling, Spanish Milled Dollar, Spanish Pistoreen, French Crown, and several other French pieces, and the American Dollar, should be legal tender at certain specified values. This was but following the Province of Lower Canada, which had passed a similar Act on 7th May, of the same year. The punishment for knowingly tendering a counterfeit of any of the above coins was imprisonment for one year and to be set up in the pillory for one hour in a conspicuous place, and for a second conviction, to be adjudged a felon without benefit of clergy. As the Acts referred to did not establish an accurate relative value of gold coins, they were amended in Lower Canada in 1808, and in Upper Canada in 1809. We find the circulation of Canada for the next few years made up of a variety of coins of different nations, and it seems to have been a matter of great difficulty for the Legislatures of the two Canadas to establish a satisfactory standard of value.

This brings us down to the year 1812, the date of the issue of the “Army Bills,” the first authorized paper circulating medium since Canada became a British possession. These Army Bills were issued for the purpose of supplying funds for the American war, as will be seen by the following extracts from official correspondence, which will also show with what complete success this measure was attended.

W. H. Robinson, Commissary General, addressing Lieut.-General Sir Geo. Prevost, under date July 30th, 1812, states: “That one-third of the militia of Upper Canada have been called out, that it will require £15,000 a month to pay them,

“that he has no money, and recommends that his Excellency petition His Majesty’s Government to send out a supply of specie, notwithstanding the prospect of a paper medium.”\*

Lieut.-General Sir Geo. Prevost writing to the Earl of Liverpool, under date 18th September, 1812, says: “The series of difficulties, long experienced, in obtaining specie for the subsistence of the forces under my command are at an end, by the declaration of war on the part of the United States, which closes the source from which it came. It has, therefore, become imperiously necessary to establish a paper medium as a substitute for money, as it appears none can be sent for the service in Canada, from England, and I am now about seeking the aid of the Provincial Parliament to give it value and currency; upon which measure I shall have the honor to report more fully to your lordship, when the arrangements for the operation of the intended substitute are complete.”† A postscript to the same letter says: “My total inability to supply Upper Canada with specie compelled Maj.-General Brock to resort to a paper currency upon the war commencing, a measure which has been attended with considerable success, enabling him to pay his militia forces now embodied, amounting to about 4,000.”

The following is taken from the draft of the Bill to Incorporate the Army Bills, sent from the Executive Council to his Excellency the Governor in Chief, dated 6th July, 1812:

“That for the purpose of maintaining the means of circulation and answering the exigencies of the public service, the Governor, as commander of His Majesty’s forces, should from time to time prepare, or cause to be prepared, any number of bills, to be denominated Army Bills, containing one common sum or different sums, the total not to exceed £250,000 currency. That the said bills be for \$25.00 each and upwards, to bear interest at four pence per hundred pounds per diem. Said bills to be, at the option of the Commander, payable on demand in cash, or in Government Bills of Exchange on London, at thirty days sight, at the current

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\* Transcript in Canadian Archives.

† Transcript in Canadian Archives.

"rate of exchange. This total issue of £250,000 to include an "issue of \$4.00 Army Bills. These small bills to be payable at "the Army Bill Office in cash to bearer on demand. Except "the \$4.00 bills, all Army Bills when once redeemed are not to "be re-issued."\*

This seems to have met with the approval of His Excellency, for on August 1st, 1812, the Legislature of Lower Canada passed an Act providing for a total issue of £250,000 currency in denominations of \$4.00 and \$25.00 and upwards. On 15th Feb., 1813, an Act was passed to increase the total issue to £500,000 currency. In 1814 an Act was passed not only increasing the total issue to £1,500,000 currency, but providing that out of that an amount not less than £200,000 and not to exceed £500,000 should be in bills of \$1.00, \$2.00, \$3.00, \$5.00 and \$10.00, such bills to be redeemable in the same manner as the larger denominations, viz., by Bills of Exchange on London, only they were not to bear interest, but any person holding any of these smaller bills should be at liberty to demand in exchange, Army Bills of \$50.00 and upwards bearing interest.

Following is a recapitulation of the issues :

Bills redeemable in cash or bills of exchange of \$25, \$50, \$100 and \$400.....	£2,793,612	10	0
Bills redeemable in cash or bills of exchange of \$1, \$2, \$3, \$5 and \$10.....	551,500	0	0
Bills redeemable in specie only of \$4.....	52,131	0	0
" " " " \$1.....	44,750	0	0
Total.....	£3,441,993	10	0†

The Acts authorizing the issues of these Army Bills were all repealed in 1817, liquidation took place, and on the 24th December, 1820, the Army Bill Office was finally closed.

Judging from comments these bills seem to have supplied a much felt want in all directions, although they were at first received with much prejudice.

In a letter from Downing Street dated 1st October, 1812,† His Majesty expresses satisfaction at the relief afforded by the

\* From Journal of Legislature of Lower Canada, 1812.

† Chalmers on Colonial Currency.

‡ Transcript in Canadian Archives.

Army Bills, and recommends that the measure which he advocated, of applying all moneys taken on prize vessels brought in for adjudication, be applied to the expenses of the Government service.

Letter of 5th November, 1812, from Lieut.-General Sir Geo. Prevost to the Earl of Bathurst, contains this paragraph :

“ My former despatches will have informed your Lordship “ that the disadvantages under which I had laboured, from the “ want of specie, had been effectually removed by the issue of “ Army Bills, which are now concurrently circulated and re- “ ceived as cash.” In the same letter he also says:

“ I attribute the successful circulation of the Army Bills, “ against which the Canadians had such a prejudice, to the “ efforts of the Catholic clergy.” \*

Mr. McMullen, in his *History of Canada*, in quoting from the *Quebec Gazette* of that time, says of the Army Bills: “ They “ have enriched the country, not so much by the interest they “ paid as by stimulating the prices of its commodities and “ giving great facilities for the purchase of Government Exchange “ on London.”

While looking through the Colonial Records of this time, I came across an interesting document in the form of an essay on Canadian finance, by a man named Charles Stuarton, addressed to the Earl of Liverpool, and dated North America, 1812. In the course of this essay he points out that the amount of specie imported by Canada, from England, has for the last few years averaged half a million sterling, which loss Britain must have severely felt, owing to expensive resistance of Bonaparte in Europe. That in view of the impending war with the United States, Canada would require this amount largely augmented, even if the war is to be purely a defensive one, and hazarding the opinion that this want could not be supplied. He goes on to say that perhaps a time of war is not the most opportune to make monetary innovations, but points out that war raged when the charters were granted to the banks in Venice, Genoa, Amsterdam, Vienna, St. Petersburg and England, and that the foundation of Bonaparte's Empire rests upon paper money, and

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\* Transcript in Canadian Archives.

gives as his opinion that a paper circulating medium would be advantageous to Canada at this juncture also. This might be accomplished, he says, by the Bank of England establishing a branch of issue in Canada, as the notes of a corporation of such high standing would be readily accepted by the people, and if made payable in London as well, would put a stop to losses on Exchange, which are considerable. He emphasizes his plea for a paper money by pointing out what the sixty-four banks, then circulating it in the United States, have done for that country, and what might have been done if in abler hands.

The Army Bills seem to have relieved the currency question for a few years, but they were no sooner liquidated than we find the old difficulty of creating a satisfactory relative value between the various coins in circulation presenting itself again.

In Lower Canada in 1819 the French gold and silver coins struck since 1792 were admitted to unlimited legal tender. By this step the silver French coins were practically made the standard of value in Lower Canada, while in Upper Canada, at this time, the Spanish dollar and its subdivisions were the standard of value.

About this time another factor in the circulating medium makes its appearance, viz., bank notes.

On January 19th, 1818, a petition was presented to the Legislature of Lower Canada, by citizens and merchants of Montreal, praying incorporation for a bank, in which they stated the bank, under the name of the Bank of Montreal, had been doing business for some time, but that it was desirable to have authority from Parliament. This petition was referred to a special committee consisting of Mr. Cuvillier, chairman, and Messrs. McCord, Niger, Davidson and Lacombe. These gentlemen reported in favor of granting the petition, and on 23rd January, 1818, the Bill to incorporate the Bank of Montreal had its first reading, and after passing through the various stages of parliamentary procedure it was assented to and sent up to the Legislature Council for approval, on 11th March, 1818.\* In this year the Quebec Bank was established, and received incorporation in 1819.

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\* From Journal of Legislature of L. C., 1818.

Upper Canada in 1819 passed an Act incorporating the "Bank of Kingston," or as it was afterwards called the "Pretended Bank of Upper Canada," but this charter was forfeited by non-user, although the same company appear afterwards to have done business as the President, Directors and Company of the Bank of Upper Canada. Legislation was made in 1823 to settle the affairs of the Pretended Bank, which had practically merged into the Bank of Upper Canada, His Majesty having given his consent to the Act incorporating that institution in 1821.

I find Mr. Breton, in his *Coins and Tokens of Canada*, makes mention of a note for 5 Shillings, issued by the Canada Bank 10th Aug., 1792, and Mr. Johnstone, in his *First Things in Canada*, gives as the first bank note issued that of the Canada Bank in 1792, for 5 Chelins. The *Official Gazette in Quebec* of 18th Oct., 1792, contains a proposal for a Canada Banking Company, and Mr. Stevenson, in one of his papers on the money of Canada, says that such a company was formed, but that it was only of a private nature and a bank of deposit principally and not of issue. There can be little doubt that these references relate to the same Company, which would seem to be really the first Banking Company of Canada.

The incorporation of these banks, and of others which were started after 1821, with their powers of issuing notes, no doubt greatly relieved the currency question, but if the circulating medium was more adequate it seems still to have been in a very unsettled state.

In 1821 the New York currency system was prohibited in the rendering of accounts, the Halifax currency alone being authorized.

In 1828 the amount of paper money had so increased in volume that specie was rarely seen. This paper was not all the issues of Canadian banks, however, for there seems to have been a great quantity of American paper money circulating in Canada at this time, amongst which, we are told by historians, were many counterfeits.

In 1834 the United States passed to a gold standard, whereby the old eagle passed for \$10.67, and the sovereign for \$4.87

instead of \$4.44. This seems to have had the effect of draining Canada of all her gold.

In 1836 an Act was passed in Upper Canada increasing the value of the British crown to six shillings currency, and the British shilling to one shilling three pence currency, in consequence of the large amount of Canadian bank notes presented by foreign holders for redemption for specie. This, however, had only the effect of driving out of circulation all other coins, as by the Act the British shilling was overvalued.

In 1837 we find, owing to the presentation of these notes by foreign holders, who were the agents of United States banks, themselves short of specie, and who had taken this measure to replenish their stock at Canada's expense, the Canadian banks were obliged to suspend specie payments, at least the Lower Canadian banks. Johnson says in this connection: "In 1837 "the Lower Canadian banks suspended specie payments for the "first and only time. Parliament was summoned to allow the "banks in Upper Canada to suspend specie payments, the law "in their case making repudiation of notes to result in suspension "of charter, but Sir Francis Bond Head, the then Governor, "successfully opposed the motion, and the banks were carried "through the crisis."

At this crisis the Province of Upper Canada asked for a special silver coinage, but was refused by the Home Government. About this time (1837) the issues of notes by private bankers and firms had assumed alarming proportions, there being at least thirty-eight firms in Upper and Lower Canada issuing notes, ranging from six sous to two dollars. A specimen of one issued by the Distillerie St. Denis may be seen in the library of Parliament at Ottawa; it is printed in English and French, upon a piece of white paper about three inches long by two in width; it reads: "For value received we promise to pay "the bearer on demand, in Bank of Montreal notes, the sum of "ten sous."

The Legislature of Upper Canada, however, put a stop to these issues by an Act, passed in this year, by which only authorized banks were to be allowed to issue notes.

Lower Canada followed example in 1839, by a similar Act,



adding a clause prohibiting the issue of notes, even by banks, for less than five shillings currency.

The two Canadas being united in 1840, an Act was passed in 1841 repealing all past currency legislation, and creating as the new basis a pound currency.

In this year a tax of one per cent. was imposed on bank circulation.

In 1850, Parliament of the Province of Canada passed an Act establishing freedom of banking, restricting, however, the issue of notes to authorized banks, who were required to deposit with the Government Provincial Securities for the full amount of their note issue, the one per cent. tax being abolished.

In 1851 an Act provided that accounts might be rendered in pounds, shillings and pence, or dollars and cents. This was repealed in 1857, making it compulsory to render them in dollars and cents.

In 1857 it was proposed to strike a pound currency in gold, to contain 92.877 grains pure gold, but nothing came of it.

On December 10th, 1858, were struck at the Royal Mint the first purely Canadian coins ever issued; they were of twenty, ten and five cent pieces in silver, and one cent in copper. These must have come as a great boon to the people of Canada, as the means for making change, previous to this, were most inadequate. One gentleman who started life as a dry goods clerk, in Perth, in the forties, tells me that they were so hard pressed for change that they used to cut the American fifty cent pieces, then much in circulation, in four pieces, keeping a chisel and hammer for the purpose.

In 1866 the first legislation providing for a permanent issue of Government notes was passed, followed in 1868 by an Act of the Dominion, and later on by other Acts affecting the currency, coinage, issue of bank notes, etc. The history of these requires treatment at greater length than space can be provided for here, but anyone who will follow the successive Acts passed since Confederation will find the wisdom of them made patent in the results. Canada, to-day, is supplied with a circulating medium in every way most satisfactory, and it only remains for the

rising generation of bankers in Canada to keep well in touch with the progressive nature of our country, that they may be in a position, when occasion demands, to suggest to our lawgivers the lines upon which legislation on such matters should be made, and thus do their share towards avoiding the rocks and shoals upon which the Ship of Commerce has been, so often, well nigh wrecked in many an older country.

J. W. HAMILTON.

Ottawa, June, 1894.

## CORRESPONDENCE.

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*To the Editing Committee :*

DEAR SIRs,—In response to the invitation contained in your circular of 1st inst., I have ventured to address two or three questions that I think it may be of interest to refer to in the JOURNAL.

1st. Is it desirable to move the Dominion authorities to revise the list of bank holidays in the same direction that was done in England recently by Sir John Lubbock's influence? With the exception of Dominion Day, all the statutory holidays fall at a season when the weather is such that they cannot be properly made use of and enjoyed by the banking fraternity. I should like to see the English plan adopted of arranging a holiday at reasonable intervals all through the fine summer months.

2nd. Can anything be done to get rid of the nuisance caused by the circulation through Canada of the twenty cent silver coin issued by the Newfoundland government?

Several years ago the Canadian coins of that denomination were called in, and wisely so, in my humble opinion. They are by no means easy to detect now from our twenty-five cent coins, except perhaps to those having very keen sight, and as both coins become worn with use, the difficulty will increase and become an intolerable nuisance to those who have to handle many of them. A large amount is in circulation in this province at the present time.

3rd. Can any action be taken by the banks generally to place a limit upon a practice that is fast growing into an abuse of banking facilities? I refer to the large number of small drafts made by parties on customers who carry on business at some place where no branch or agency of any bank is established, and where the drawee can only be reached by mail. These drafts are generally made for small amounts, and being sent with no protest directions attached, are returned very often on a most frivolous pretext or refused acceptance for no sufficient reason. Many are returned unpaid, after the bank to

whom they were sent for collection has incurred the trouble and expense of obtaining acceptance, and for which it receives nothing, not even a refund of postage involved. It used to be a practice with some banks to take no collections that were not made upon a place where some bank was established, or had not already been accepted and domiciled at a bank.

At the same time I would like to draw attention to another abuse in which the drawee occasionally dictates to the maker the bank which is to be employed to collect the draft, virtually ignoring the position of all connected with it. The banks might easily discourage all such tricks.

Yours truly,

ANNAPOLIS, 22nd March, 1894.

E. D. ARNAUD.

*To the Editing Committee:*

Your circular of March 1st intimates that the Committee will be glad to receive suggestions respecting subjects to be taken up by the JOURNAL, and it has occurred to me that many of the members of the Bankers' Association—more especially such as reside in the smaller towns—could recall incidents more or less humorous, illustrating the views of banking and bank work held by outsiders.

I send this letter in the hope that others better qualified for such a task by reason of greater experience, may be induced to follow up the idea, and I feel sure that it will be found that banking is not such dry work after all.

Most country Managers have met the man who is continually ready with advice as to how they should "run their bank"—also the other fellow who is persuaded that the bankers saunter into their office at 10 a.m., and out of it at 3 p.m. sharp, filling up the interval by eating their lunch and signing their name a few times. The customer who wishes to deposit \$50, and can't do it without first privately consulting the Manager, is also a familiar friend. (Please ask the compositor not to set this up "fiend.")

Oh yes! I've got them all on the list, but the first of these gentlemen is the only one to be honored by my attention this

time. It will readily be judged, from the very nature of his complaint, that he is an original character, and I like to encourage him to talk when business is not too brisk. Some of his ideas of percentages are worthy of hearing—for instance, he was only making 1% profit on a certain article of commerce—buying at 3 and selling at 4 cents. Another time he couldn't help wondering at the confidence shown by the public in a certain bank stock, then at 160. I pointed out to him that many stocks were higher, instancing Bank of Montreal at say 225.

"Yes," said he, "but surely *you* ought to know that the "Bank of Montreal shares are \$200 each, while those of the "—— Bank are only \$50."

This man (his name is legion) has been to me a source of innocent merriment for several years.

Unfortunately, his opinions are mostly given on subjects of merely local interest, and do not therefore come under the scope of this letter.

His views on the profits of bank note circulation are much simpler than those of the ordinary every day financier. They arise—according to him—from bills lost or destroyed, and therefore never presented for redemption, less the cost of having the notes printed, and he suggests that banks be compelled by law to make yearly returns to the Dominion Government of profits arising from this source.

Not so very long ago he called on me, and after a few remarks on financial matters, produced a promissory note for \$45 which he wanted discounted, naïvely remarking that it represented an account of five years' standing, on which he had never been able to collect a cent.

I declined the honor with that Chesterfieldian politeness for which all employés of this institution are noted, and in return had a flood of light thrown on my ignorance of the functions of a chartered bank. I give his remarks verbatim:

"What in the (Father of Evil) did your bank open here for, "if it wasn't to lend people money when they wanted it!"

Wishing the JOURNAL every prosperity, believe me,

Yours sincerely,

B. LOW PARR.

Bankers' Gulch, April, 1894.

## Legal Decisions Affecting Bankers.

IN THE SUPREME COURT OF CANADA.

M. O'Gara (Defendant) Appellant, and The Union Bank of Canada (Plaintiffs) Respondents. On appeal from the Court of Appeal for Ontario.

*Surety—Interference with rights of Surety—Discharge.*

The facts of this case, as they appear in the proceedings and the various judgments rendered, are briefly as follows:

O'Gara was an endorser for Starrs, Askwith & Co., contractors on the Atlantic & North-Western Railway, on notes discounted by the Union Bank. The railway in question is the Maine division of the Canadian Pacific Railway Company, which virtually owned the A. & N. W. Railway, although the latter was an entirely distinct corporation, under United States law.

The Bank held an irrevocable order on the Canadian Pacific Railway Company for all moneys coming to the contractors on their work on the Atlantic & North-Western Railway, and authority to execute binding receipts therefor on their behalf. The contractors authorized the Bank to use moneys so received in payment of notes endorsed by O'Gara, but the full understanding on this point was that the moneys should be paid out again to the contractors when required for the prosecution of the work, and that the surplus only was to be used in paying the notes.

The contract was found to have been taken at a loss, and after some months' work, the moneys earned meantime being paid to the Bank, the contractors came to a standstill, and the company served notices (as provided in the contract) that they would take the work out of the contractor's hands if certain steps were not taken. The contract was not, however, actually taken out of their hands, but the company, with their consent, assumed and paid certain claims of sub-contractors for materials (including provisions and other supplies) amounting to \$24,983, and also paid wages amounting to \$79,160.

Subsequently the Union Bank, in consideration of the Railway Company returning to it a cheque for \$15,000, which had been lodged as security for the fulfilment of the contract, gave a receipt, with the approval of the contractors, but not of O'Gara, admitting the regularity of the payments for wages and supplies above mentioned.

The endorser, O'Gara, claimed to be released, because the Bank had thereby voluntarily abandoned part of the security which, by virtue of the understanding, they held for his as well as their protection.

The Bank recovered judgment against O'Gara before Mr. Justice Ferguson. The reasons given by the learned Judge for his opinion were: the nature of the assignment, which would have given O'Gara the benefit of the surplus only, and no surplus existed; that the payments made by the Railway Company were precisely equivalent to what would have taken place had the money been paid to the Bank; and that the two companies were entirely distinct, so that the order only bound moneys paid by the Atlantic & North-Western Railway to the Canadian Pacific Railway to be paid over to the contractors, and did not interfere with the right of the Atlantic & North-Western Railway to arrange with the contractors to pay out a portion of the estimates in other ways.

A motion in the Common Pleas Division to set aside this judgment was dismissed, the learned Judges concurring in Mr. Justice Ferguson's views as to the position of the two Railway Companies.

The Court of Appeal for Ontario, where the case was next carried, was equally divided. The Chief Justice (Osler, J. A., concurring) held that the payments for supplies, material, etc., were properly made according to the true meaning of the contract, and that all the moneys that were properly coming to the contractors had been paid to the Bank. On the other hand, Burton, J. A., held that the Canadian Pacific Railway was the real party to the contract, and Maclellan, J. A., that both companies had notice of, and were bound by, the assignment of the moneys to the Bank; and both these learned Judges held that the payments for supplies, etc., were unauthorized, and that the Bank could have recovered from the company the

amounts so paid, so that in ratifying the payments it had abandoned part of its security, to the detriment of the endorser, O'Gara. This, in Mr. Justice MacLennan's opinion, was a breach of the understanding which lay at the root and foundation of the contract of suretyship, and the surety was thereby wholly discharged.

The majority of the Supreme Court, consisting of the Chief Justice, Fournier, J., and Sedgwick, J., allowed the appeal of the Defendant O'Gara, Gwynne, J., and Taschereau, J., dissenting.

In the judgment of the Court, delivered by Mr. Justice Sedgwick, and in Mr. Justice Gwynne's judgment dissenting, the right of the Railway Company to disburse the \$24,983 mentioned, in payments for supplies, materials, etc., without the consent of the Bank, is very fully considered. (The payments for wages were covered by an express clause in the contract, and were not disputed.)

The contract authorized the Company after certain notice, to provide and employ workmen, horses, material and plant, and deduct the cost of the same from the amount due the contractors. In the judgment of Mr. Justice Gwynne, it is held that such disbursements came within the terms of the contract, and that the moneys so disbursed therefore never became payable to the contractors, or came within the scope of the assignment to the Bank.

The judgment of Mr. Justice Sedgwick on this point is adverse to the Bank. He finds that the debts so paid were partly contracted before the giving of the notice, partly after, that the Company's intervention was partly in the way of guaranteeing the Contractors' debts, and partly in payment for provisions, which could not be classed as "material" in connection with such work, and declares that such payments were not covered by the terms of the contract, but were entirely unauthorized. In the opinion of the learned Judge, the acquiescence of the Bank in these payments was a clear variation from the terms of the original understanding between the Bank and Mr. O'Gara in regard to the assignment, upon the faith of which he made the endorsement in question.



On this opinion as to the facts, he then discusses the law :

“ If this is the correct view, any material variation of the terms of the original contract made between the principal debtor and the creditor will always discharge the surety. If it clearly appears that the surety became surety on the faith of the original contract, he is likewise discharged, irrespective of the question of materiality. *A fortiori* must this be so where, as in the present case, the surety actually stipulates that securities shall be given to the creditor, and the creditor, without the assent of the surety, subsequently relinquishes such securities.”

He decides that the ratification by the Bank of the payments made by the Railway Company was a variation of the contract between the principal debtors and the Bank that all moneys were to be paid to the Bank, and that the endorser was therefore discharged.

On the further point as to the extent of the discharge, he says: “ The contention that if there was a release at all it was a release *pro tanto* only does not, I think, apply. The principle, I take it, is that there is a total discharge where there is any variation by the creditor in a contract upon the faith of which the surety entered into his obligation. Where, however, the creditor has assets or securities in his hands (the surety having no connection with them) which may be applied by the creditor in reduction of the debt secured, any improper or careless dealing in respect of such securities may discharge the surety to the extent of the loss occasioned thereby. If, in the present case, after Mr. O’Gara had endorsed the notes in question, the bank as security for the payment of the contractors’ indebtedness had obtained from them the assignment of their contract without the knowledge of, or apart altogether from, Mr. O’Gara, and if the bank through its negligence had failed in its duty in respect of such assignment so that a loss occurred, Mr. O’Gara would be released only to the extent of the loss, but certainly not to a greater extent.”

The appeal was therefore allowed, and the judgment against O’Gara reversed. On a subsequent application leave was granted for an Appeal to the Privy Council.

SUPREME COURT OF JUDICATURE, ENGLAND, CHANCERY DIVISION  
In *re* Walker, Sheffield Banking Company  
vs. Clayton, Executor.

*Principal and Surety—Counter security given by Debtor to  
Surety—Right of Creditor to benefit of.*

The proposition that the principal creditor is entitled to the benefit of all counter bonds or collateral security given by the principal debtor to the surety, cannot be supported. *Mawer vs. Harrison* (1), cited in 1 Eq. C. Ab., p. 93, pl. 5, as the authority for the proposition, is not a decision to that effect

*Action to administer the Estate of Hugh Walker, deceased.*

On the 7th May, 1885, the testator guaranteed the current account of Spencer Brothers with the S. and R. Bank to the extent of £1,000.

On the 1st August, 1885, A. S., a member of the firm of Spencer Brothers, in consideration of the guarantee, gave the testator a mortgage on certain property and covenanted to indemnify him in respect of his guarantee.

On the 5th July, 1886, the testator gave the L. and Y. Bank, to whom the banking account of Spencer Brothers was then transferred, a guarantee to secure the payment of all moneys then or thereafter payable to the said bank by the firm of Spencer Brothers, not exceeding £1,000.

By memorandum of the same date, and by subsequent agreement in August, 1886, the wife of A. S. gave the testator certain security against this guarantee.

On the 9th September, 1887, the banking account of Spencer Brothers was transferred to the plaintiffs, and on the same date the testator, with the full knowledge and approbation of Mrs. A. S., gave the following guarantee to the plaintiffs:

“ In consideration that you will make advances and grant other accommodation at your discretion to the firm of Spencer Brothers, of Sheffield Moor, Sheffield, wholesale grocers, I hereby guarantee the payment of all such moneys as the said Spencer Brothers are, or may, become liable to pay to you on current account or on any other account or in any manner whatsoever, but so that the total amount recoverable under this guarantee shall not exceed two thousand pounds. . . . And this guarantee shall, in the event of my death, bind and charge

my estate in respect of transactions and dealings subsequent as well as prior thereto, and continue until notice shall be given to you by me, my executors or administrators, determining the same."

(The testator died, and his will was proved by defendants, his executors, on the 24th January, 1889).

On the 2nd August, 1889, Spencer Brothers became bankrupt, owing the plaintiffs £4,757 14s. 9d. The plaintiffs received certain dividends under the bankruptcy of the firm and from the separate estate of A. S., amounting in all to £1,777 17s. 6d., leaving the sum of £2,689 17s. 3d. due to them.

On the 6th June, 1890, the defendants recovered from the mortgage given by A. S. to the testator, the sum of £45 os. 6d; and on the 6th December, 1890, they received a dividend of £169 10s. 3d. out of the separate estate of A. S., in respect of his covenant to indemnify the testator.

Under an agreement of compromise between Mrs. A. S. and the defendants, approved by the Court, £250 was realized from the security given by her to the testator, and received by the Defendants.

The plaintiffs claimed to be exclusively entitled to the above-mentioned sums of £45 os. 6d. and £169 10s. 4d., on the ground that they were received by the defendants in respect of the counter security given by A. S. to the testator against his liability under the guarantee; and that they also claimed, on similar grounds, to be exclusively entitled to the £250 realized by the sale of the property comprised in the equitable mortgage; and further, that they were entitled to prove against the testator's estate for the balance of their debt.

Stirling, J. (stated the facts, and continued):

The plaintiffs' contention was founded upon two cases: the first is an old case of *Mawer v. Harrison*. It is reported very shortly as follows: "A bond creditor shall, in the Court of Chancery, have the benefit of all counter-bonds or collateral security given by the principal to the surety; as if A. owes B. money and he and C. are bound for it, and A. gives C. a mortgage or bond to indemnify him, B. shall have the benefit of it to recover his debt." That case was decided in Michaelmas, 1692.

The plaintiffs also relied upon a dictum of Sir William Grant in *Wright v. Morley*, which runs thus: "I conceive that, as the creditor is entitled to the benefit of all the securities the principal debtor has given to his surety, the surety has full as good an equity to the benefit of all securities the principal gives to the creditor." As to the latter portion of the sentence, there is no question at all. It is well established at this date that the surety on paying the debt is entitled to stand in the place of the principal creditor, and to have the benefit of all the securities which the principal creditor had. Now, these two cases were very much discussed in the well-known case of *ex-parte Waring* before Lord Eldon. That case is most fully reported perhaps in Glyn & Jameson's Reports. It appears from that report that in the course of the argument Lord Eldon spoke somewhat disparagingly of the case of *Mawer v. Harrison*. He said this: "I have never heard this case relied upon as a governing case at this day." In the judgment as reported he puts it thus: "The prayer of the first of these petitions has been supported upon this ground, that the short bills and the mortgage . . . having been placed with Bickwood & Co. as a security against their acceptances, the holders of these bills have an equity to have that security applied specifically to the discharge of those acceptances, upon the general ground that upon a transaction of this kind, a person holding the bills, which are the subject of indemnity, has a right to the benefit of the contract between the principal debtor and the party indemnified; and though not himself a party to that contract, to say that he who has contracted for the payment of certain debts out of those pledges, is liable in equity to the demand upon the part of those whose demands are to be so paid for that application; and a case was cited (*Mawer v. Harrison*) which goes that length. With regard to that case, or cases in general, I desire it to be understood, that I forbear to give any opinion upon that point." Then he goes on to say that he decides, not on that principle, but on another ground. The result of these two cases—namely, the dictum of Sir William Grant in *Wright v. Morley*, and the judgment and observations of Lord Eldon in *Ex parte Waring*—seems to me to be that Sir William Grant and Lord Eldon were not of the same mind on the point. Under these

circumstances, I was very anxious to discover what was really done in the case of *Mawer v. Harrison*, which is so shortly reported in 1 Equity Cases, Abridged. The Registrar has been kind enough to make search for that case. No decree was drawn up, but the entry of the case has been found in the Registrar's book, and the pleadings have been discovered, and I am indebted to the learned senior Reporter of this Court, Mr. Knox, for having made a summary of them for my use, the pleadings themselves being somewhat lengthy; and from them and the notes in the Registrar's book, it is tolerably easy to discover what the case was. The plaintiff was Thomas Mawer, the defendants were William Harrison and William Morley, and Mary, his wife. Thomas Mawer was the father of the first wife of William Harrison, the mother of William Harrison, the defendant. By that first marriage William Harrison, the father, had three children, namely, William, the defendant, Thomas and Margaret. The first wife having died, William Harrison, the father, married his second wife, Mary, the defendant, afterwards the wife of William Morley, and subsequently he died intestate, leaving this widow and the three children by the first wife, the persons entitled to his personal estate under the Statute of Distribution. Administration was taken out by his widow, and the share of the three children in the intestate's property amounted to £120. It appears that the plaintiff, Thomas Mawer, the grandfather of William Harrison, the defendant, was very anxious that William Harrison, his grandson, should continue the business of a farmer, which had been carried on by William Harrison, the father; but for that purpose it was necessary that the sum of £120, which formed the portion of the intestate's estate belonging to the three children, should be paid over to William Harrison, the son; and that was accordingly done. The two other children being infants, Thomas Mawer, the plaintiff in the action, gave a bond to the defendant, Mary Morley, the legal personal representative of the intestate, to indemnify her against all claims by those children. It appears that at this time William Harrison, the defendant, was an infant, but the money was paid to him. He attained twenty-one, and carried on the farm. Some time after attaining twenty-one he repudiated the transaction, and began to press William

Morley, and Mary, his wife, for payment of his share of his father's estate, which he had already received in point of fact, though apparently an infant. Thereupon William Morley gave him a bond for payment of his share, and William Morley and Mary, his wife, began to sue the plaintiff, Thomas Mawer, in the Court of Exchequer, for payment under the bond which had been given by him. Thereupon the plaintiff instituted this suit of equity to restrain the action, and to obtain the delivery up of the bond which had been given by him. Now, of the other children who were interested in the intestate's estate, Thomas had died an infant and intestate, and Margaret was still an infant, and was not a party to the suit. The argument is stated in the Registrar's book. It is to be observed that the bill is by the person who gave the bond, to be relieved of it, and the result is thus stated in the Registrar's book: "The Court doth declare that the defendant, William, is well paid, and he must deliver up the bond to the other defendant, and give a release and decree the same accordingly." The bond there mentioned is, as I read it, that which had been given by William Morley to the defendant, William Harrison, for payment of his share. Whether that relief, being relief between co-defendants, ought to have been given by the decree, may be a question. Then it goes on: "Stay all proceedings at law on the plaintiff's £100 bond."—that is a mistake for £120, as clearly appears from the previous passage in the Registrar's note, where it is corrected in the margin, but the correction is omitted here, so that all proceedings on the plaintiff's bond were stayed—"till Margaret doth release, and when the plaintiff hath procured Margaret, who is not a party to the action, to release that bond, then that bond to be delivered up"—and so forth—"but then the plaintiff's bond to be at suit for the recovery of Margaret's moiety of £120." So that all that was decided in that action was this: that the plaintiff, who had given his bond of indemnity, was not entitled to have it delivered up to be cancelled till all claims had been settled. Under those circumstances, it appears that the point for which it was cited in *I. Equity Cases, Abridged*, could not have been decided in that case; and that at most the reported statement amounts to a dictum in the course of the argument. It is now nearly 200 years since this case was decided, and the sole author-

ities on a point which must have been of frequent occurrence are these: a dictum in 1692, a dictum early in the century by Sir William Grant in the year 1805, and what appears to be the contrary opinion of Lord Eldon a little later.

Under these circumstances, it seems to me that there is no real authority for the proposition in question; and, upon principle, I cannot see why a surety who takes from the principal debtor a bond or indemnity at once becomes a trustee of that for the principal creditor. That is really the contention of the plaintiffs. Of course, the other doctrine is well established, viz., that the surety who pays the debt is entitled to stand in the place of the principal creditor; but the doctrine contended for by the plaintiffs rests entirely on those dicta which I have mentioned.

It seems to me, under these circumstances, that I cannot give effect to the contention of the plaintiffs, and that they must simply be left to prove against the estate of the testator for what is due to them, without having the exclusive benefit of these securities in respect of which payments have been made to the estate.

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PROVINCE OF QUEBEC.

COURT OF QUEEN'S BENCH.

The Quebec Bank vs. Ward, *et al.*

(Communicated by Frederic Hague, Esq., B.C.L.)

This was a case growing out of a sale of molasses made by John Pinder & Co., merchants, to the appellants, Ward, *et al.*, to be settled for by a note at four months. This, according to the ordinary course of business, meant a negotiable note, but the appellants, who claimed that Mr. Pinder was indebted to them in a sum exceeding the price of the molasses, first delayed sending the note, and after he had taken proceedings to exact its delivery, thought it would be in their interest to give one which would be non-negotiable. They therefore got a number of blanks printed without the words "or order," or the words "or bearer," and sent a note for \$2,808.33, at four months, for which one of these blanks was used, thinking it was non-negotiable, and Mr. Pinder accepted it without noticing the defect in the

form. Then one of the appellants went to the Quebec Bank and told the Accountant that Mr. Pinder owed his firm from \$3,000 to \$4,000, that they had given a non-negotiable note to him, so as to be able to offset their account against it, and that he had better not discount it if presented: but the matter was not mentioned to the Manager. All this time a suit was pending between the appellants and Mr. Pinder, in which the former claimed over \$3,000, and the latter denied all indebtedness and claimed on the contrary that about \$500 was due to him.

Mr. Pinder subsequently became informed of the facts as to the note, but kept it, and later on asked the Manager of the Quebec Bank for an advance of \$2,000 upon it, telling him the circumstances in connection therewith. The Manager, after consulting his solicitor, made the advance, relying on para. 4 of Section 8 of the Bills of Exchange Act, which says: "A bill is payable to order which is expressed to be so payable, or which is expressed to be payable to a particular person, and does not contain words prohibiting transfer or indicating an intention that it should not be transferable."

On an action being taken by the Bank for the amount of the note, it was pleaded that the note was non-negotiable, and that the Bank simply held it in the interest of Pinder. These pleas were over-ruled and it was held that the note was negotiable, as it was payable to a particular person and did not contain words prohibiting transfer or indicating an intention that it should not be transferable. Also, that where a note is received as collateral security from a holder, in due course, before maturity, and without notice of any defect in the title of the person who negotiates it, the creditor has all the rights of such holder as regards all parties prior to him, and he can recover the amount of the note from such prior parties. When the sum secured is less than the amount of the note, the pledgee, as regards the surplus, sues as trustee of the pledgor, and can recover if the latter could do so.

#### *La Banque Nationale vs. Ricard et vir.*

The bank discounted a note made by the wife, authorized by her husband, but the proceeds of which were used by the husband in his business. The Superior Court maintained the



action of the Bank against the wife, holding that there was a presumption that she had received consideration, and that there was nothing to destroy this presumption.

However, this was reversed in appeal, the judgment being to the effect that article 1301 of the Civil Code governed. This article says, "a wife cannot bind herself either with or for her husband, otherwise than as being common as to property; any such obligation contracted by her in any other quality is void and of no effect." Also the Court held that this rule was absolute and operates even against a third holder for value.

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QUESTIONS ON POINTS OF PRACTICAL  
INTEREST.

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THE Editing Committee are prepared to reply through this column to enquiries of Associates from time to time on legal points, under the advice of Counsel where the law is not clearly established.

In order to make this service of some value to the Associates the Committee will reply direct by letter where an opinion is desired promptly, in which case stamp should be enclosed.

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STATEMENT OF BANKS acting under Dominion Government charter for the month ending 31st March, 1894, with comparisons :

## LIABILITIES.

	Mar., 1894.	Feb., 1894.	Mar., 1893.
Capital authorized.....	\$ 75,458,685	\$ 75,458,685	\$ 75,458,685
Capital paid up .....	62,110,249	62,105,409	61,945,554
Reserve Fund.....	<u>26,655,036</u>	<u>26,655,024</u>	<u>25,274,165</u>
Notes in circulation .....	\$ 30,702,607	\$ 30,603,267	\$ 33,430,863
Dominion and Provincial Government deposits .....	7,117,359	6,533,882	6,014,707
Public deposits on demand....	60,988,817	59,561,162	64,536,898
Public deposits after notice....	108,754,069	108,570,761	103,700,904
Bank loans or deposits from other banks secured .....	.....	.....	166,290
Bank loans or deposits from other banks unsecured .....	2,713,748	2,370,423	2,500,071
Due other banks in Canada in daily exchanges .....	149,259	201,277	107,727
Due other banks in foreign countries .....	161,859	156,572	127,760
Due other banks in Great Britain	5,369,168	4,666,497	6,412,180
Other liabilities .....	<u>281,982</u>	<u>276,704</u>	<u>367,547</u>
Total liabilities .....	\$216,238,956	\$212,940,625	\$217,365,066

## ASSETS.

Specie .....	\$ 7,484,284	\$ 7,521,281	\$ 6,162,891
Dominion notes .....	13,644,002	13,951,326	11,694,584
Deposits to secure note circulation .....	1,818,584	1,818,571	1,761,259
Notes and cheques of other banks .....	6,129,432	6,385,758	6,790,524
Loans to other banks secured..	145	.....	150,000
Deposits made with other banks	3,136,393	2,800,550	3,122,760
Due from other banks in foreign countries .....	16,532,527	15,469,984	20,539,621
Due from other banks in Great Britain.....	3,134,319	2,892,089	375,597
Dominion Government debentures or stock.....	3,188,463	3,188,463	3,285,975
Public municipal and railway securities .....	18,307,865	17,696,817	14,396,291
Call loans on bonds and stocks	15,196,361	14,780,002	17,655,291

*Bank Statement for March with Comparisons.*

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	Mar., 1894.	Feb., 1894.	Mar., 1893.
Loans to Dominion and Provincial Governments.....	\$ 919,329	\$ 1,583,244	\$ 1,115,010
Current loans and discounts...	202,333,799	199,523,609	204,903,994
Due from other banks in Canada in daily exchanges.....	188,889	125,103	78,430
Overdue debts.....	3,081,521	3,006,637	2,426,202
Real estate .....	874,162	818,119	982,667
Mortgages on real estate sold..	628,438	629,959	756,264
Bank premises .....	5,272,672	5,231,824	4,852,263
Other assets .....	1,554,781	1,628,895	1,440,628
<b>Total assets....</b>	<b><u>\$303,523,299</u></b>	<b><u>\$299,052,441</u></b>	<b><u>\$302,490,430</u></b>

Average amount of specie held during the month .....	\$7,464,894	\$7,387,537	\$6,185,941
Average Dominion notes held during the month.....	13,643,683	13,667,880	11,833,742
Loans to directors or their firms	8,151,769	8,311,889	7,386,404
Greatest amounts of notes in circulation during month .....	31,662,554	31,523,316	34,666,646

STATEMENT OF BANKS acting under Dominion Government charter for the month ending 30th April, 1894, with comparisons :

LIABILITIES.

	Apr., 1894.	Mar., 1894.	Apr., 1893
Capital authorized.....	\$ 75,458,685	\$ 75,458,685	\$ 75,458,685
Capital paid up .....	62,111,449	62,110,249	61,947,404
Reserve Fund.....	<u>26,712,002</u>	<u>26,655,036</u>	<u>25,359,982</u>
Notes in circulation .....	\$ 29,996,472	\$ 30,702,607	\$ 32,633,073
Dominion and Provincial Government deposits .....	6,043,453	7,117,359	5,573,170
Public deposits on demand....	63,772,064	60,988,817	64,542,427
Public deposits after notice....	109,589,042	108,754,069	104,216,667
Bank loans or deposits from other banks secured .....	9,297	.....	162,129
Bank loans or deposits from other banks unsecured .....	2,194,830	2,713,748	2,526,592
Due other banks in Canada in daily exchanges .....	139,641	149,259	99,606

	April, 1894.	Mar., 1894.	April, 1893.
Due other banks in foreign countries .....	\$ 179,331	\$161,859	\$139,765
Due other banks in Great Britain .....	5,927,216	5,369,168	6,101,647
Other liabilities .....	152,091	281,982	273,151
<b>Total liabilities .....</b>	<b>\$218,003,543</b>	<b>\$216,238,956</b>	<b>\$216,268,317</b>

## ASSETS.

Specie .....	\$ 7,435,334	\$ 7,484,284	\$ 6,950,525
Dominion notes .....	13,794,153	13,644,002	12,427,480
Deposits to secure note circulation .....	1,813,584	1,818,584	1,761,259
Notes and cheques of other banks .....	7,110,243	6,129,432	6,127,137
Loans to other banks secured .....	.....	145	150,000
Deposits made with other banks .....	2,571,688	3,136,393	3,083,111
Due from other banks in foreign countries .....	14,829,532	16,532,527	17,165,455
Due from other banks in Great Britain .....	3,355,287	3,134,319	2,324,891
Dominion Government debentures or stock .....	3,188,463	3,188,463	3,253,356
Public municipal and railway securities .....	19,023,063	18,307,865	14,356,982
Call loans on bonds and stocks .....	15,444,830	15,196,361	16,469,427
Loans to Dominion and Provincial Governments .....	391,924	919,329	1,341,874
Current loans and discounts ..	205,051,675	202,333,799	206,789,141
Due from other banks in Canada in daily exchanges .....	149,808	188,889	120,011
Overdue debts .....	2,950,969	3,081,521	2,179,295
Real estate .....	866,536	874,162	1,016,349
Mortgages on real estate sold ..	636,293	628,438	753,299
Bank premises .....	5,296,824	5,272,672	4,869,149
Other assets .....	1,664,987	1,654,781	1,276,520
<b>Total assets .....</b>	<b>\$305,575,405</b>	<b>\$303,523,299</b>	<b>\$302,415,455</b>

Average amount of specie held during the month .....	\$ 7,419,164	\$ 7,464,894	\$ 6,435,320
Average Dominion notes held during the month .....	13,197,299	13,643,683	11,868,759
Loans to directors or their firms .....	7,929,550	8,151,769	7,361,304
Greatest amount of notes in circulation during month .....	31,453,090	31,662,554	35,015,086

STATEMENT OF BANKS acting under Dominion Government charter for the month ending 31st May, 1894, with comparisons :

LIABILITIES.

	May, 1894.	April, 1894.	May, 1893.
Capital authorized.....	\$ 75,458,685	\$75,458,685	\$75,458,685
Capital paid up .....	62,112,169	62,111,449	61,950,654
Reserve Fund .....	<u>27,127,002</u>	<u>26,712,002</u>	<u>25,981,362</u>
Notes in circulation .....	\$ 28,467,718	\$ 29,996,472	\$ 31,927,342
Dominion and Provincial Government deposits.....	6,410,724	6,043,453	6,283,724
Public deposits on demand....	62,926,305	63,772,064	64,859,710
Public deposits after notice ....	110,905,804	109,589,042	105,581,121
Bank loans or deposits from other banks secured.....	78,238	9,297	160,000
Bank loans or deposits from other banks unsecured.....	2,247,866	2,194,830	2,656,417
Due other banks in Canada in daily exchanges .....	127,524	139,641	188,440
Due other banks in foreign countries .....	193,246	179,331	163,758
Due other banks in Great Britain	6,487,109	5,927,216	5,504,346
Other liabilities .....	<u>818,694</u>	<u>152,091</u>	<u>777,665</u>
Total liabilities .....	\$218,663,313	\$218,003,543	\$218,102,617

ASSETS.

Specie .....	\$ 7,539,763	\$ 7,435,334	6,672,163
Dominion notes .....	13,982,924	13,794,153	12,557,993
Deposits to secure note circulation.....	1,813,584	1,813,584	1,761,259
Notes and cheques of other banks .....	6,164,182	7,110,243	7,066,104
Loans to other banks secured ..	.....	.....	160,000
Deposits made with other banks.	2,718,603	2,571,688	3,407,596
Due from other banks in foreign countries .....	15,024,744	14,829,532	17,814,497
Due from other banks in Great Britain .....	2,736,380	3,355,287	1,182,065
Dominion Government debentures or stock .....	3,187,438	3,188,463	3,214,844
Public municipal and railway securities .....	18,775,347	19,023,063	14,787,789
Call loans on bonds and stock..	14,637,324	15,444,830	15,213,352

	May, 1894.	April, 1894.	May, 1893.
Loans to Dominion and Provincial Governments.....	\$ 373,713	\$ 391,924	\$ 1,534,872
Current loans and discounts ..	207,122,494	205,051,675	207,685,450
Due from other banks in Canada in daily exchanges.....	160,237	149,808	132,552
Overdue debts .....	2,791,922	2,950,969	2,041,068
Real estate .....	921,186	866,536	1,039,981
Mortgages on real estate sold..	629,164	636,293	709,320
Bank premises .....	5,340,354	5,296,824	4,861,852
Other assets .....	1,336,887	1,664,987	1,326,086
<b>Total assets.....</b>	<b><u>\$305,256,446</u></b>	<b><u>\$305,575,405</u></b>	<b><u>\$303,169,653</u></b>
Average amount of specie held during the month .....	7,468,402	7,419,164	6,424,070
Average Dominion notes held during the month .....	13,699,257	13,197,299	12,222,977
Loans to directors or their firms	8,239,804	7,929,550	7,443,137
Greatest amount of notes in circulation during month .....	30,466,853	31,453,090	33,637,459

MONTHLY TOTALS OF BANK CLEARINGS at the cities of Montreal, Toronto, Halifax, Hamilton and Winnipeg.

	MONTREAL.		*TORONTO.		HALIFAX.		HAMILTON.		WINNIPEG.
	1892-3.	1893-4.	1892-3.	1893-4.	1892-3.	1893-4.	1892-3.	1893-4.	1894.
June .....	\$ 46,744,964	\$ 47,244,749	\$ 26,994,818	\$ 25,823,084	\$ 4,984,839	\$ 5,105,123	\$ 3,240,330	\$ 3,204,246	\$
July .....	54,216,858	49,391,208	28,784,881	27,943,625	5,237,688	5,510,010	3,185,734	3,274,564	
August .....	50,329,314	47,414,660	24,228,431	22,311,189	5,280,957	5,414,015	2,900,314	2,847,937	
September ..	50,240,258	43,707,089	25,036,156	24,305,010	4,351,105	4,993,555	2,922,972	3,091,370	
October .....	57,563,274	47,266,474	29,794,003	25,264,232	5,049,284	5,489,398	3,545,843	3,227,927	
November ..	57,738,128	47,291,960	30,998,827	25,997,046	4,860,873	5,158,297	3,478,297	3,150,908	
December ..	53,334,498	45,108,976	32,157,099	25,398,315	5,289,252	4,884,773	3,716,428	3,147,810	
January .....	50,498,973	42,796,705	30,226,941	27,267,606	5,044,466	4,931,374	3,292,386	3,087,576	4,318,316
February ..	46,149,389	35,478,026	23,704,495	19,209,967	4,202,569	3,981,482	2,830,935	2,671,799	3,132,537
March .....	50,791,417	45,715,370	26,282,197	22,893,878	4,759,004	4,744,920	3,124,681	2,739,064	3,510,411
April .....	42,274,827	40,942,256	26,974,686	21,473,195	4,906,327	4,467,920	3,122,325	3,078,330	2,958,886
May .....	49,029,342	45,585,937	25,747,669	24,173,820	5,334,245	4,871,141	3,510,787	2,977,866	3,455,639
	609,511,242	537,913,410	330,840,203	291,360,967	59,314,709	59,552,014	38,931,032	36,498,437	17,375,819

\*NOTE.—These totals do not include the Bank of Toronto.





# CANADIAN BANKERS' ASSOCIATION.

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## Report of the Proceedings of the First Annual Meeting.

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The first Annual Meeting of the Association was held in the Board Room of the Merchants Bank of Canada, Montreal, on Thursday, the 19th day of May, 1892.

The President, Mr. George Hague, took the chair at noon.

The following Members were present :

REPRESENTED BY

The Bank of Montreal, - -	A. Lang, Esq. (proxy).
The Can. B'k of Commerce, -	B. E. Walker, Esq.
The Merchants B'k of Canada,	Geo. Hague, Esq.
The B'k of British N. America,	R. R. Grindley, Esq.
The Molsons Bank, - - -	F. Wolferstan Thomas, Esq.
The Bank of Nova Scotia, -	Thomas Fyshe, Esq.
The Bank of Toronto, - -	J. Murray Smith, Esq. (proxy).
The Imperial Bank of Canada,	D. R. Wilkie, Esq.
The Eastern Townships Bank,	Wm. Farwell, Esq.
The Banque du Peuple, - -	J. S. Bousquet, Esq.
The Union Bank of Canada, -	E. E. Webb, Esq.
The Bank of Ottawa, - -	Geo. Burn, Esq.
The Merchants B'k of Halifax,	D. H. Duncan, Esq.
The Banque Jacques Cartier,	A. L. DeMartigny, Esq.
The Banque d'Hochelega, -	M. J. A. Prendergast, Esq.

The following Associates were present: Messrs. A. M. Crombie, John Gault, M. J. L. LaCasse, W. W. Ruthven, Edson L. Pease.

The President of La Banque de St. Hyacinthe, G. C. Des-saulles, Esq., was also in the room.

Mr. W. W. L. Chipman was requested to act as Secretary.

The following gentlemen were appointed Scrutineers, to receive the votes of the meeting :—Messrs. E. E. Webb and A. M. Crombie.

The following gentlemen were appointed Auditors to examine the accounts of the Association: Messrs. M. J. A. Prendergast and Edson L. Pease.

The President addressed a few words of welcome to the Members and Associates, which were replied to by Messrs. Wilkie and Fyshe.

The President then read the report of the Executive Council, which was as follows:

MONTREAL, 19th May, 1892.

*To the Members and Associates:*

GENTLEMEN,—The Executive Council take pleasure in presenting, at this, the first Annual Meeting of the Association, their report covering the five months during which they have been in office. Early in January, copies of the Constitution were furnished to each Bank and Branch Office in the Dominion, together with letters of enquiry, which elicited responses from the majority at an early moment. We have now thirty-three Banks as Members, out of the total number of thirty-nine doing business in the Dominion. The list of Associates contains 444 names, exclusive of thirty-three entitled to enrolment *ex officio*, as being chief executive officers of Banks. While from the staff of several institutions a large number have joined our ranks, it is hoped that when further attention has been drawn to the matter, the aims and objects of the Association may commend themselves to all.

From these Associates we draw an income of...\$ 888

And from Members' fees ..... 3,700

Making a present gross revenue of..... \$4,588

The question is still asked, how can the Associates reap the benefit of their subscriptions? First of all by the formation of sub-sections of the Association as contemplated by the Constitution. These it is hoped will create a more professional spirit and a stronger banking sentiment, while becoming the media through which young bankers may express their views freely on

subjects relating to their profession, and give to others the benefit of their technical training. There is much in the line of practical banking which has gone unheeded for want of a channel for its full discussion. It is likewise true that many of our younger bankers have rested content with their proficiency as practical workers gained at their apprenticeship to daily routine, and there is a lack of knowledge of the general principles of banking, and of the laws of the country affecting the same, as gathered from the most recent decisions of the courts. This lack, under the ægis of these sub-sections, our junior associates may hope to correct, while there will be full scope for interesting lectures, discussions, study, and for facilities of intercourse with brother officials very helpful in broadening their professional ideas.

The Council would emphasize the fact that while the first intention of the Association was to benefit the Banks through their cohesion and their increased ability to influence legislation, and by united action guard the conditions of business, so was it no less the desire of those who originated the Association to make it useful and beneficial to Associates of junior rank. In this direction a recent circular points to two series of prizes which the Council have determined to offer for papers on subjects relating to the theory and practice of banking. They still await the suggestions of Members in regard to the subjects to be chosen before announcing the complete details of the competition. It may be of interest to know that the prizes will be of value worth striving for. The Council would point to the example of Winnipeg in forming a sub-section as one to be copied by the other Provinces.

And now in reporting to Members, these are already aware of the subjects which have engaged the attention of the Council. Their first efforts were towards bringing about a reduction in the rate of interest on deposits, and although united action could not be secured, the Council find satisfaction in knowing that the attention drawn to the subject has resulted in the adoption of lower rates by arrangement between certain Banks in separate localities. These first efforts of the Council will tend to make united action more easily attainable hereafter.

The private bill introduced at the present session of the

House of Commons respecting transfers of shares, though brief, seemed fraught with great danger to banking interests and called for close consideration on the part of your Council. They hope that the memorials presented to both branches of the legislature, and the action inspired through the circulars addressed to Members, will help to defeat the bill in so far as it refers to Bank shares.

While the Insolvent Act, as compiled by the Boards of Trade in the Provinces of Ontario and Quebec, has already received some consideration, the Executive Council regret that they were not granted any opportunity to discuss its provisions while they were being framed. Now that it is learned that no legislation on the subject will be undertaken during the present session, the incoming Council will be enabled to survey all the clauses of the proposed Act without haste, and Members generally can study them with advantage and convey to the Council such suggestions of amendment as their experience under the working of past Insolvent Acts may dictate.

As affecting the interests of the Banks doing business in this city, the recently proposed amendments to the City Charter have been found to contain clauses under which powers are sought by the City Council to tax Bank stocks, financial associations, and movable effects. These coming to the knowledge of your Council, they have taken steps to oppose the measure, and they hope, by securing the co-operation of those prominently connected with the Boards of Trade and other leading financial and mercantile corporations, to have the obnoxious clauses withdrawn, as they could only have the effect of reducing the dividends of resident shareholders in addition to taxing their goods and chattels.

Your Council has not found time to discuss several of the subjects sketched in the printed report of their first meeting, and these must be left to their successors in office. Meantime it may be worth suggesting that the Association be embraced amongst the recipients of head office circulars intimating the establishment of new offices, the withdrawal of old ones, as well as any new appointments, promotions, and resignations amongst officers.

Appended to the report is that of the Secretary-Treasurer, which will now be read to you, showing the position of the Association as on the 18th inst.

The office of the Association is at 204 St. James Street, and visiting bankers, as well as those in the city, might bear its existence in mind.

All respectfully submitted on behalf of the Executive Council.

G. HAGUE, *President.*

On motion of the President, the report was received and adopted and ordered to be printed for distribution amongst the Members and Associates.

The Secretary-Treasurer then read his report, showing a balance at credit of the Association of \$3,369.03.

On motion of Mr. Walker, seconded by Mr. Wilkie, the report was received and referred to the Auditors for examination.

The meeting then proceeded to the election of officers for the ensuing year.

It was moved by Mr. Wolferstan Thomas, seconded by Mr. DeMartigny:

“That the Secretary be instructed to cast one ballot for the following gentlemen to serve as Honorary Presidents for the ensuing year: Hon. Sir Donald A. Smith, K.C.M.G., President of the Bank of Montreal; Hon. J. D. Lewin, Senator, President of the Bank of New Brunswick.”—Carried.

It was moved by Mr. Walker, seconded by Mr. Wilkie:

“That the Secretary be instructed to cast one ballot for George Hague, Esq., General Manager of the Merchants Bank of Canada, as President for the ensuing year.”—Carried.

It was moved by Mr. Wilkie, seconded by Mr. Grindley:

“That the Secretary be instructed to cast one ballot for the following gentlemen as Vice-Presidents for the ensuing year: B. E. Walker, Esq., General Manager, The Canadian Bank of Commerce; J. Stevenson, Esq., General Manager, The Quebec Bank; Thos. Fyshe, Esq., Cashier, The Bank of Nova Scotia; W. C. Ward, Esq., Manager, The Bank of British Columbia.”—Carried.

It was moved by Mr. Duncan, seconded by Mr. Prendergast :

“ That the Secretary be instructed to cast one ballot for the following gentlemen as Executive Councillors for the ensuing year : R. R. Grindley, Esq., General Manager, The Bank of British North America ; E. S. Clouston, Esq., General Manager, The Bank of Montreal ; F. Wolferstan Thomas, Esq., General Manager, The Molsons Bank ; Geo. Burn, Esq., Cashier, The Bank of Ottawa ; Geo. A. Schofield, Esq., Manager, The Bank of New Brunswick ; Wm. Farwell, Esq., General Manager, The Eastern Townships Bank ; J. S. Bousquet, Esq., Cashier, La Banque du Peuple ; Duncan Coulson, Esq., General Manager, The Bank of Toronto ; D. R. Wilkie, Esq., Cashier, The Imperial Bank of Canada.”—Carried.

The ballots were then cast and the elections confirmed.

Mr. Wolferstan Thomas gave notice that he would move at the next annual meeting, or earlier if possible, that Article VII. of the Constitution be amended so as to provide that the Executive Council shall consist of the President, four Vice-Presidents and nine or more Associates.

It was then moved by Mr. Walker, seconded by Mr. Fyshe :

“ That the Association strongly recommend that sub-sections be formed in all places where there are three or more chartered Banks.”—Carried.

It was moved by Mr. Fyshe, seconded by Mr. Farwell :

“ That future Annual Meetings of the Association extend over two days at least, so as to permit of the reading of essays, or papers, on subjects related to the business of banking, and discussions on the same.”—Carried.

It was moved by Mr. Burn, seconded by Mr. Farwell :

“ That the records of addresses made before the Privy Council of Canada at the time of the passing of the Bank Act now in force, be printed in pamphlet form and circulated among the members as *confidential* communications ”

In amendment, it was moved by Mr. Wilkie, seconded by Mr. Grindley,—

“ That Mr. Burn's motion be referred to the Executive Council.”

The amendment was put and carried.

It was moved by Mr. Bousquet, seconded by Mr. Fyshe, and resolved.—

“That it be recommended to the Executive Council that the next annual meeting of the Association be held in the city of Toronto.”

The thanks of the members were then tendered to the President for his conduct in the chair and his good services during the past year, after which the meeting adjourned.

W. W. L. CHIPMAN,

*Secretary.*

GEO. HAGUE.

*President.*

CASH STATEMENT.

18TH MAY, 1892.

EXPENDITURE.

Office Furniture .. .. .		\$ 224 70
Charges Account .. .. .		994 27
Cash on hand .. .. .	\$ 16 74	
Cash in Bank.....	3,352 29	
		<u>3,369 03</u>
		<u>\$4,588 00</u>

REVENUE.

Members' fees.....	\$3,700 00	
Associates' fees .. .. .	888 00	
		<u>\$4,588 00</u>

Certified,

M. J. A. PRENDERGAST, }  
 EDSON L. PEASE, } *Auditors.*

W. W. L. CHIPMAN,  
*Secretary-Treasurer.*

## CANADIAN BANKERS' ASSOCIATION.

### Report of the Proceedings of the Second Annual Meeting.

The second Annual Meeting of the Association was held in the Council Chamber of the Board of Trade in the City of Toronto, on Wednesday and Thursday, the 7th and 8th days of June, 1893.

The President, Mr. George Hague, took the chair at noon.

The following Members were present :

REPRESENTED BY

The Bank of Montreal, - -	C. Brough, Esq. (proxy)
The Canadian B'k of Commerce,	B. E. Walker, Esq.
The Merchants B'k of Canada,	Geo. Hague, Esq.
The Bank of British N. America,	R. R. Grindley, Esq.
The Molsons Bank, - - -	A. D. Durnford, Esq. (proxy)
The Bank of Toronto, - -	D. Coulson, Esq.
The Imperial Bank of Canada,	D. R. Wilkie, Esq.
The People's Bank of Halifax,	John Knight, Esq.
La Banque du Peuple, - -	J. S. Bousquet, Esq.
The Union Bank of Canada, -	J. O. Buchanan, Esq. (proxy)
The Bank of Ottawa, - - -	Geo. Burn, Esq.
La Banque d'Hochelaga, - -	M. J. A. Prendergast, Esq.
The Standard Bank of Canada,	J. L. Brodie, Esq.
The Traders' Bank of Canada,	H. S. Strathy, Esq.

The following Associates were present: Messrs. W. R. Travers, A. M. Crombie, W. C. Young, C. Brough, A. D. Durnford, J. O. Buchanan, R. S. Williams, G. W. McKee, W. W. Ruthven, G. de C. O'Grady, O. F. Rice, J. Pottenger, M. Morris, H. H. Morris, D. Miller, Wm. Maynard, jr., Wm. Grindlay, E. F. Hebden, W. H. Draper, P. Dykes, John Aird, Vere C. Brown, F. W. Hutchinson, A. St. L. Mackintosh, A. H. Ireland, W. Pringle, T. B. Phepoe, R. D. Gamble, and Mr. Wm. Cooke.



Mr. W. W. L. Chipman acted as Secretary.

On motion, the minutes of the first Annual Meeting were taken as read and confirmed.

The following gentlemen were appointed Scrutineers to receive the votes of the meeting :

Messrs. A. M. Crombie, and O. F. Rice.

Mr. J. L. Brodie of the Standard Bank of Canada, Chairman of the Bankers' Section of the Toronto Board of Trade, made the address of welcome, which was responded to by Mr. J. S. Bousquet, of La Banque du Peuple, Montreal.

The President's annual address was then read.

The Secretary read a letter addressed to the President, from Mr. F. Wolferstan Thomas, General Manager of the Molsons Bank, Montreal, who was unable to be present. The following are extracts :

“ Were it to be my good fortune to take my share in your deliberations, I should suggest the desirability of a bankers' section being established at all important centres, which should be financially aided in moderate measure from the parent body. . . I shall be glad to hear that a discussion has taken place on the desirability of creating paid lectureships, which would be more particularly for the benefit of the Associates. . . . My voice would be raised in favour of making the extension of the question of Essays a very live one, increasing the number and value of the prizes to be contended for. . . . On more than one occasion I have suggested the opening of a book of record at the parent office, wherein shall be recorded the name of each officer in any chartered bank in the Dominion, with a brief sketch of his career and his last P. O. address.”

The Secretary then read the Report of the Executive Council, which was as follows :

*To the Members and Associates :*

GENTLEMEN,—The Executive Council take pleasure in reporting to the Members and Associates at the close of their year of office.

The work accomplished, while moderate in extent, has been effective, the influence of the Association having been exerted

mainly in preventing legislation of a character inimical to the interests of the associated banks. In regard to measures affecting more particularly the welfare of Members in the Province of Quebec, the Council have to express their indebtedness to the French Members of the Association for their good services.

It would not serve any useful purpose to individualize the Bills passing through the Dominion and Provincial Legislatures to which exception was taken. Had they been allowed to become law several private Bills would have trenched upon those very privileges which the banks have so long labored to secure to themselves under their existing charters.

Amongst the subjects coming before the Council for discussion has been that of the circulation of American currency silver certificates, and silver coin. A considerable difference of opinion was found to exist regarding the quantity of these foreign moneys, and the extent of their displacement of Canadian bank bills and Dominion notes. The Council were of opinion that the action of the banks in receiving the notes at par on deposit and forwarding them for redemption as fast as they accumulated, had the effect of limiting their circulation, and they were glad to find, on communicating with the authorities of the Canadian Pacific and Grand Trunk Railways, that these companies promoted the withdrawal of these moneys equally with the banks, by confining, in their instructions to agents, their issue to passengers returning to the United States.

Correspondence has taken place, and is still open, with the Minister of Finance on the subject of replacing worn legal tenders by new notes of the same denomination and place of payment, without putting the banks, as at present, to the cost and delay of transmitting the worn notes to their place of payment. The Bank Act requires that the banks join hands with Government in the withdrawal of all worn or defaced legal tenders from circulation, and it is hoped that the Minister of Finance will see his way to meet the Banks in their very reasonable request. The matter will continue to be pressed on his Department.

The Council have noted with satisfaction the formation of a Sub-section at Ottawa under the chairmanship of Mr. Burn of the Bank of Ottawa. Keeping in view the recommendation of

the last Annual Meeting, the Council would urge the formation of these Sub-sections wherever practicable. The Winnipeg Sub-section was formed a year ago.

It is hoped that one will shortly be organized in Montreal, and with the others, help to fulfil the aims of the Constitution as expressed in Article IV. It is felt that the business of the central body must be largely technical and relate more especially to the corporate interests of Members, while the benefits derivable by Associates must remain dormant to a large degree until the Sub-sections are formed.

The Council will trust to their successors in office to encourage to as large an extent as possible the preparation by Associates of papers on banking subjects, and they refer to the awards of the Committee on the Competitive Papers sent in under Circular No. 5, in the hope that they may act as an incentive in the direction named, and to the closer study of practical banking. The Council join with the Committee in expressing gratification at the practical knowledge displayed by so many of the competitors, and their able expression of it.

The Committee of the World's Fair Congress, by their Secretary, Mr. W. B. Greene, Ex-Secretary of the American Bankers' Association, have recognized the importance of our organization by asking us to appoint five delegates to join in the deliberations of the approaching Congress of bankers in Chicago. In the correspondence which has taken place it was stated that the Members present at our Annual Meeting would consider the appointment of the delegates in question.

In the matter of the proposed Bankruptcy Legislation, copies of the Bills prepared by the Boards of Trade at Toronto and Montreal were with some difficulty obtained, and though the Council as a whole have taken no action in the matter in view of the fact that no legislation has been introduced in Parliament, the members of the Executive Council resident in Montreal prepared a memorandum reviewing the Bills in question, hoping that the same would help the consideration of the subject by the other members of the Council and the Association at large.

Your Council recommend to their successors the importance of obtaining such legislation as will permit of the issue by the Dominion Government of Legal Tender Certificates for Clearing

House and Reserve purposes, *not payable to bearer*. Such an issue would relieve the banks of much unnecessary risk now attending the custody of their reserves, without occasioning any corresponding risk or expense to the Dominion Government.

All respectfully submitted.

For the Executive Council,

18th May, 1893.

GEORGE HAGUE, *President*.

On motion of the President, seconded by Mr. B. E. Walker, the report was received and adopted and ordered to be printed for distribution amongst the Members and Associates.

The following report from the Winnipeg Sub-section was read and received:

*To the President and Executive Committee,  
Canadian Bankers' Association.*

GENTLEMEN,—We have pleasure in submitting the following report from the Winnipeg Sub-section of your Association.

A meeting of bankers was held here, on 14th April, 1892, for the purpose of forming this Sub-section. The organization was completed on 6th July, and by-laws adopted. The Sub-section have held eight meetings during the year ending 1st June. On two occasions, by the united action of the members of the sub-section, we have succeeded in preventing the passing of acts relating to the taxation of banks, which, if passed, would have borne very unfairly upon the banks doing business in Winnipeg, and also throughout the Province. We have also considered and dealt with the question of American silver. The question of interest on deposits was taken up, but the banks were unable to agree on a uniform rate, and we regret to say that nothing has yet been accomplished in this connection. The Sub-section have recently taken up the matter of establishing a clearing-house in Winnipeg, and it is hoped that we will be able soon to announce its establishment. The first annual meeting of the Sub-section was held to-day, and the undersigned officers were re-appointed for the ensuing year.

All of which is respectfully submitted.

We remain, gentlemen,

Your obedient servants,

(Signed), A. WICKSON, *Chairman*.

“ F. H. MATHEWSON, *Secretary*.

WINNIPEG, 2nd June, 1893.

The Secretary-Treasurer then read his report, showing a balance at credit of the Association of \$4063.98. The same having been previously audited by Messrs. Prendergast and Pease, was adopted by the meeting.

It was moved by Mr. B. E. Walker, seconded by Mr. John Knight,—

“That the subscriptions of Members be altered as follows: For banks with a capital of \$500,000 and under \$2,000,000—\$60, and that the subscription of Associates be reduced to one dollar.”—*Carried.*

The report was received and a vote of thanks tendered to the Committee for their services.

The meeting then adjourned till the hour of 4 o'clock of the same day.

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AFTERNOON SESSION.

The President took the chair shortly after 4 o'clock, when it was moved by Mr. B. E. Walker, seconded by Mr. D. Coulson :

“That Messrs. M. J. A. Prendergast and Edson L. Pease be reappointed auditors for the ensuing year.”—*Carried.*

In the absence of Mr. F. Wolferstan Thomas, the following resolution was moved by Mr. J. S. Bousquet, seconded by Mr. M. J. A. Prendergast :

“That Article VII of the Constitution be amended so as to provide that the Executive Council shall consist of a President, four Vice-Presidents and nine Associates.”—*Carried.*

To give effect to the recommendation contained in the address of the President,

It was moved by Mr. D. Miller, seconded by Mr. J. Pottinger :

“That a Quarterly Journal be published at the expense of the Association in which contributions from Members and Associates and other matter pertaining to banking, may from time to time appear, and that the same be distributed free of cost to the Members and Associates. Also, that in the first number, or early numbers, the essays to which the Association's prizes have been awarded shall appear.”—*Carried.*

It was then moved by Mr. D. R. Wilkie, seconded by Mr. B. E. Walker :

“That the Toronto Bankers' Section of the Board of Trade be affiliated with the Association and that other subsections of this Association be requested to affiliate themselves with the Board of Trade of their respective cities or towns.”—Carried.

It was moved by Mr. Geo. Burn, seconded by Mr. B. E. Walker :

“That the Council of the Association be authorized to request the Dominion Government to make the following amendment to the Bank Act :

PROPOSED ADDITION TO SECTION 84 OF THE BANK ACT.

If the transfer of any deposit made under the authority of this section has taken place by virtue of the decease of any depositor, the production to the directors and the deposit with them of an authentic notarial copy of the will of the deceased depositor, or extracts therefrom, if such will is in notarial form according to the law of the Province of Quebec, or of any authenticated copy of the probate of the will of the deceased depositor, or of letters of administration of his estate, or of letters of verification of heirship, or of the act of curatorship or tutorship, or extracts therefrom, granted by the court in Canada having power to grant the same, or by any court or authority in England, Wales, Ireland, or any British Colony, or of any testament testamentary or testament dative expedite in Scotland, or, if the deceased depositor died out of her Majesty's Dominions, the production to and the deposit with the directors of any authenticated copy of the probate of his will or letters of administration of his property, or other document of like import, granted by any court or authority having the requisite power in such matters, shall be sufficient justification and authority to the directors for paying or transferring any deposit, in pursuance of and in conformity to such probate, letters of administration, or other document as aforesaid, and the receipt of the person or persons named in such document as executor, executors, administrator, guardian or trustee, or of the majority of such persons, shall be sufficient discharge to all concerned for the payment of any money payable in respect of such deposit.—*Carried.*

The meeting then adjourned till the hour of 11 o'clock in the forenoon of the following day.

SESSION of 8th inst.

The meeting was called to order by the President at 11 o'clock.

A letter was read from Mr. William Weir, President of La Banque Ville-Marie, Montreal, and after discussion thereof,

It was moved by Mr. John Knight, seconded by Mr. Geo. Burn :

“That as regards Mr. W. Weir’s letter just read to the Meeting, the questions relating to Private Bankers be referred to the Executive Council, and that no action be taken in regard to his Bankers’ Journal.”—*Carried.*

It was moved by Mr. M. J. A. Prendergast, seconded by Mr. Geo. Burn :

“That the Executive Council be respectfully requested to take such steps as they may deem expedient to secure legislation clearly defining the effect of paragraph (b) sub-section 6, section 51 of the Bills of Exchange Act, 1890, in relation to the hours at which bills and cheques may be protested.”—*Carried.*

The Members next proceeded to elect office-bearers for the ensuing year. A ballot having been cast, the Scrutineers submitted the following Report :

TORONTO, 8th June, 1893.

*To the Members and Associates,  
Canadian Bankers’ Association,*

GENTLEMEN,—The undersigned Scrutineers report the following elections:—

*Honorary Presidents.*

HON. SIR D. A. SMITH, K.C.M.G., President, Bank of Montreal, re-elected.

HON. SENATOR J. D. LEWIN, President, Bank of New Brunswick, re-elected.

*President.*

E. S. CLOUSTON, Esq., General Manager, Bank of Montreal.

*Vice-Presidents.*

- GEO. HAGUE, Esq., General Manager, Merchants Bank of Canada.  
B. E. WALKER, Esq., General Manager, Canadian Bank of Commerce.  
J. STEVENSON, Esq., General Manager, Quebec Bank.  
D. H. DUNCAN, Esq., Cashier, Merchant's Bank of Halifax.

*Executive Council.*

- R. R. GRINDLEY, Esq., General Manager, Bank of British North America.  
F. WOLFERSTAN THOMAS, Esq., General Manager, Molsons Bank.  
GEO. BURN, Esq., General Manager, Bank of Ottawa.  
GEO. A. SCHOFIELD, Esq., Manager, Bank of New Brunswick.  
W. FARWELL, Esq., General Manager, Eastern Townships Bank.  
J. S. BOUSQUET, Cashier, La Banque Du Peuple.  
D. COULSON, Esq., General Manager, Bank of Toronto.  
THOS. FYSHE, Esq., Cashier, Bank of Nova Scotia.  
D. R. WILKIE, Cashier, Imperial Bank of Canada.

Yours truly,

(Signed)

A. M. CROMBIE,

"

O. F. RICE,

*Scrutineers.*

The President referred to the statement in his address that it was desirable that a sub-committee of the Executive Council be formed to act with the President in the conduct of affairs, all residing in the city where the headquarters may be established for the year.

The question of the most convenient time and place for holding the next annual meeting having been brought forward,

It was moved by Mr. John Knight, seconded by Mr. D. R. Wilkie:

"That it be recommended to the Executive Council that the next Annual Meeting of the Association be held in the City of Halifax, and, if possible, in the months of either July or August."—Carried.

The President referred to the letter of the Secretary of the



Congress of Bankers and Financiers in connection with the World's Columbian Exposition at Chicago, inviting the Association to appoint five delegates to the said Congress, whereupon

It was moved by Mr. Geo. Burn, seconded by Mr. J. L. Brodie :

“That the nominees of the following five banks be appointed to represent the Canadian Bankers' Association at the Congress of Bankers and Financiers to be held in Chicago during the present month: The Bank of Montreal, The Bank of British North America, The Merchants Bank of Canada, The Canadian Bank of Commerce, The Bank of Nova Scotia.”—Carried.

It was moved by Mr. R. R. Grindley, seconded by Mr. M. J. A. Prendergast :

“That the thanks of the Association are due and hereby tendered to the Council of the Toronto Board of Trade for their kindness in placing their Council Chamber and other rooms at disposal of the Association for the purposes of the Annual Meeting and Dinner.”—Carried.

It was moved by Mr. R. R. Grindley, seconded by Mr. A. M. Crombie :

“That the thanks of this meeting be and they are hereby tendered to the Bankers' Section of the Toronto Board of Trade for all their goodness and thoughtfulness in connection with our visit.”—Carried.

It was moved by Mr. M. J. A. Prendergast, seconded by Mr. R. R. Grindley :

“That the interesting address of Mr. B. E. Walker, delivered at the banquet last evening, be printed at full length in the first number of the proposed Quarterly Journal.”—Carried.

On motion, a vote of thanks was tendered to Mr. Edgar A. Wills, Secretary and Superintendent of the Toronto Board of Trade, for his good offices during the meeting, and those personal attentions which rendered the banquet of the Association so successful. The Secretary was desired to transmit a copy of the resolution to Mr. Wills.

Mr. B. E. Walker was here asked to take the chair.

On motion of Mr. D. R. Wilkie, seconded by Mr. J. S. Bousquet, the thanks of the Members and Associates were tendered (standing) to the retiring President, Mr. George Hague, for his indefatigable efforts on behalf of the Association from its formation, and for his conduct in the chair.

After a few words from Mr. Hague in response, the second annual meeting was declared closed.

W. W. L. CHIPMAN,  
*Secretary-Treasurer.*

GEO. HAGUE,  
*Retiring President.*

STATEMENT OF AFFAIRS.

MAY 18TH, 1893.

CASH ACCOUNT.

In Bank .....	\$4,053 37	
On hand .....	10 61	
	<hr/>	\$4,063 98
Office Furniture .....		224 70
Charges Account .....		2,197 85
		<hr/>
		<u>\$6,486 53</u>

REVENUE ACCOUNT.

Balance brought forward .....		\$3,593 73
Bank Interest .....		48 80
Subscriptions,—		
from Members .....	\$2,530 00	
from Associates .....	314 00	
	<hr/>	2,844 00
		<u>\$6,486 53</u>

Certified,

M. J. A. PRENDERGAST, }  
EDSON L. PEASE, } *Auditors.*

W. W. L. CHIPMAN,  
*Secretary-Treasurer.*

## LIST OF ASSOCIATES.

---

Abernethy, A. C. ....	Bank of British North America
Acres, J. J. ....	Canadian Bank of Commerce
Aird, John ....	Canadian Bank of Commerce
Aldwell, W. A. R. ....	Imperial Bank of Canada
Allan, Andrew ....	Halifax Banking Co.
Allan, W. A. ....	Merchants Bank of Canada
Allen, J. R. ....	Standard Bank of Canada
Ambridge, H. A. ....	Molsons Bank
Ambrose, S. E. ....	Bank of Hamilton
Anderson, J. ....	Bank of British North America
Anderson, M. A. ....	Union Bank of Canada
Anderson, R. H. ....	Bank of Nova Scotia
Andrews, Ernest ....	Canadian Bank of Commerce
Angus, Jas. A. ....	Bank of Montreal
Archibald, H. H. ....	Halifax Banking Co.
Armstrong, C. R. ....	Canadian Bank of Commerce
Armstrong, V. O. M. ....	Canadian Bank of Commerce
Arnaud, E. D. ....	Union Bank of Halifax
Arnaud, F. H. ....	Merchants Bank of Halifax
Arnold, H. E. ....	Bank of Nova Scotia
Ashe, F. W. ....	Union Bank of Canada
Austin, Benj. ....	Eastern Townships Bank
Austin, H. L. G. ....	Bank of British North America
Babbitt, D. Lee. ....	People's Bank of New Brunswick
Bailey, H. A. ....	People's Bank of Halifax
Baird, G. H. ....	Canadian Bank of Commerce
Ball, Wm. Lee ....	Eastern Townships Bank
Bangs, John A. ....	Bank of Ottawa
Banks, D. W. ....	Union Bank of Canada
Barber, S. ....	Imperial Bank of Canada
Barnum, J. L. ....	Canadian Bank of Commerce
Bayly, A. T. ....	Bank of Montreal
Bayly, N. ....	Bank of British North America
Bayly, V. E. ....	Molsons Bank
Baxter, W. C. ....	Merchants Bank of Canada
Beaven, W. J. ....	Bank of Montreal
Bell, J. P. ....	Bank of Hamilton
Bellew, H. C. ....	Molsons Bank
Bellhouse, Wm. A. ....	Merchants Bank of Canada
Belt, W. G. H. ....	Bank of British North America

Benedict, C. L.....	Bank of Montreal
Bennett, A. E. ....	Merchants Bank of Canada
Bennett, H. E. ....	Merchants Bank of Canada
Benoit, M. ....	Banque Nationale
Benson, J. J.....	Bank of Montreal
Bentley, H. M. ....	Bank of Ottawa
Bethune, F. A. ....	Molsons Bank
Bethune, G. H. ....	Quebec Bank
Bethune, R. H.....	Dominion Bank
Bignell, A. E.....	Merchants Bank of Canada
Billett, T. R.....	Canadian Bank of Commerce
Bingay, T. Van B.....	Exchange Bank of Yarmouth
Bingham, H. P.....	Merchants Bank of Canada
Bird, E. H.....	Canadian Bank of Commerce
Black, John .....	Bank of Nova Scotia
Blackburn, Russell.....	Bank of Ottawa
Blackeney, H.....	Merchants Bank of Canada
Blagdon, J. F.....	Merchants Bank of Halifax
Blanchard, E. R. ....	Banque de St. Hyacinthe
Bleau, J. A.....	Banque du Peuple
Boak, S. D.....	Union Bank of Halifax
Boddy, W. C.....	Standard Bank of Canada
Boivin, N. A.....	Banque Nationale
Bonner, G. W. G .....	Bank of British North America
Borden, F.W.....	Halifax Banking Co.
Botsford, W. M.....	Merchants Bank of Halifax
Bousquet, J. S.....	Banque du Peuple
Boyd, B. C. Barclay .....	Bank of New Brunswick
Breedon, H. M.....	Bank of British North America
Bremner, W. B.....	Bank of Ottawa
Brent, C. J.....	Merchants Bank of Canada
Brewer, H. C.....	Molsons Bank
Brigg, Washington J. ....	Eastern Townships Bank
Brock, Jas. T.....	Bank of Ottawa
Brodie, F. A.....	Bank of Toronto
Brodrick, A. B.....	Molsons Bank
Brodrick, P. W. D.....	Molsons Bank
Brookes, J.....	Bank of British North America
Brough, C.....	Bank of Montreal
Brough, John M. ....	Halifax Banking Co.
Brown, Vere C.....	Canadian Bank of Commerce
Browne, W. G.....	Canadian Bank of Commerce
Brownfield, F. ....	Bank of British North America
Bruskey, Frank A.....	Merchants Bank of Canada
Brydon, James .....	Canadian Bank of Commerce
Buchan, J. L.....	Canadian Bank of Commerce
Buchanan, J. O.....	Union Bank of Canada
Burn, Geo.....	Bank of Ottawa
Burns, G. H.....	Bank of British North America
Burns, W. H.....	Bank of Nova Scotia
Burrage, W. A.....	Eastern Townships Bank
Burrows, N. R.....	Union Bank of Halifax
Burrows, W. A.....	Merchants Bank of Canada
Butler, W. E.....	Merchants Bank of Canada

Butt, R. ....	Bank of British North America
Butterfield, J. ....	Bank of Hamilton
Caldwell, W. ....	Bank of Nova Scotia
Cameron, D. A. ....	Canadian Bank of Commerce
Campbell, A. G. ....	Eastern Townships Bank
Campbell, A. J. D. ....	Bank of British North America
Cant, Joseph ....	Bank of British North America
Capreol, A. R. ....	Imperial Bank of Canada
Capstick, E. A. ....	Halifax Banking Co.
Carruthers, George ....	Merchants Bank of Canada
Carter, E. H. ....	Canadian Bank of Commerce
Cassells, G. C. ....	Bank of Montreal
Cattanach, W. G. ....	Bank of British North America
Chapman, J. R. ....	Bank of British North America
Charles, D. H. ....	Canadian Bank of Commerce
Checkley, E. R. ....	Merchants Bank of Canada
Checkley, F. Y. ....	Canadian Bank of Commerce
Chester, A. ....	Merchants Bank of Canada
Chesterton, C. A. ....	Bank of Ottawa
Chipman, L. D. V. ....	Bank of Nova Scotia
Chipman, W. H. ....	Bank of Nova Scotia
Chisholm, W. R. ....	Imperial Bank of Canada
Chisholm, W. S. ....	Merchants Bank
Christie, A. E. ....	Union Bank of Canada
Christie, W. J. ....	Bank of Ottawa
Clark, R. ....	Bank of Montreal
Clark, R. ....	Bank of Montreal
Clarke, D. R. ....	People's Bank of Halifax
Clawson, J. ....	Bank of New Brunswick
Clinch, C. W. ....	Molsons Bank
Clouston, E. S. ....	Bank of Montreal
Cochran, E. J. ....	People's Bank of Halifax
Cochrane, T. J. ....	People's Bank of Halifax
Codd, A. A. ....	Molsons Bank
Cogswell, A. E. ....	Halifax Banking Co.
Cole, Francis. ....	Bank of Ottawa
Collins, W. G. ....	Merchants Bank of Canada
Connolly, R. G. W. ....	Canadian Bank of Commerce
Connolly, W. S. ....	Molsons Bank
Cook, C. ....	Standard Bank of Canada
Copeland, W. A. ....	Bank of Toronto
Cotton, F. M. ....	Bank of Montreal
Coulson, D. ....	Bank of Toronto
Coulthard, W. B. ....	People's Bank of New Brunswick
Cowdry, E. ....	Canadian Bank of Commerce
Cowper, H. M. ....	Imperial Bank of Canada
Craig, F. L. ....	Imperial Bank of Canada
Cran, J. ....	Bank of British North America
Crease, A. H. ....	Canadian Bank of Commerce
Crebassa, George ....	Banque Nationale
Creighton, J. M. ....	Union Bank of Halifax
Creighton, J. S. ....	People's Bank of Halifax
Crispo, F. W. S. ....	Union Bank of Canada

Crombie, A. M.....	Canadian Bank of Commerce
Crombie, R. B.....	Bank of Montreal
Crompton, R. W.....	Canadian Bank of Commerce
Crosbie, C. A.....	Canadian Bank of Commerce
Cross, F. O.....	Canadian Bank of Commerce
Crossley, F.....	Canadian Bank of Commerce
Cumberland, D.....	Bank of British North America
Dampier, L. H.....	Canadian Bank of Commerce
Daniels, Fred.....	Bank of Montreal
Daniel, F. W.....	Bank of Nova Scotia
Davidson, A.....	Merchants Bank of Canada
Davidson, R., jr.....	Imperial Bank of Canada
Deacon, C F.....	Bank of British North America
De Martigny, A. L.....	Banque Jacques-Cartier
Dench, F. E.....	Bank of Commerce
Denovan, A. A. C.....	Molsons Bank
De Veber, Boies.....	Halifax Banking Co.
Dickins, A. H.....	Bank of Ottawa
Dinning, Neil.....	Eastern Townships Bank
Dixon, F. J.....	Bank of British North America
Doig, D.....	Bank of British North America
Draper, W. H.....	Molsons Bank
Drury, Le B. M.....	Bank of Montreal
Drynan, W. R.....	Canadian Bank of Commerce
Duff, J. M.....	Canadian Bank of Commerce
Dumoulin, P. B.....	Banque du Peuple
Duncan, D. H.....	Merchants Bank of Halifax
Dunsford, C. R.....	Union Bank of Canada
Dupuy, H. S.....	Bank of Montreal
Durand, J. E.....	Merchants Bank of Canada
Durnford, A. D.....	Molsons Bank
Dykes, P.....	Merchants Bank of Canada
Eckardt, H. M. P.....	Merchants Bank of Canada
Eddis, J. H.....	Imperial Bank of Canada
Edgell, Stephen.....	Eastern Townships Bank
Eliot, W. L.....	Bank of Montreal
Elliot, James.....	Molsons Bank
Ellis, A. E.....	Bank of British North America
Elmsly, J.....	Bank of British North America
Evans, H. P.....	Molsons Bank
Ewing, A. H.....	Molsons Bank
Fair, Wm.....	Canadian Bank of Commerce
Farwell, Wm.....	Eastern Townships Bank
Ferguson, D. A.....	Molsons Bank
Fetherstonhaugh, E. J.....	Canadian Bank of Commerce
Fewings, E. J.....	Merchants Bank of Canada
Fidler, J. E.....	Molsons Bank
Finlaison, E. O.....	Bank of British North America
Finnie, D. M.....	Bank of Ottawa
Fisher, W. H.....	Canadian Bank of Commerce
Fisk, A. K.....	Bank of British North America
Fitton, H. W.....	Canadian Bank of Commerce

Fitzgerald, M. J.....	Bank of Nova Scotia
Flemming, H. A.....	Bank of Nova Scotia
Forbes, D. J.....	Halifax Banking Co.
Forrest, C.....	Imperial Bank of Canada
Forrest, S. L.....	Union Bank of Canada
Fox, Chas. J.....	Western Bank of Canada
Fraser, Hector.....	Bank of Ottawa
Fraser, Wm. D.....	Eastern Townships Bank
Frazee, C. W.....	Union Bank of Halifax
Freeman, C. D.....	Bank of Nova Scotia
Fry, A. G.....	Bank of British North America
Fulton, J. H.....	Canadian Bank of Commerce
Fyshe, Thos.....	Bank of Nova Scotia
Gaboury, W.....	Banque Nationale
Gagnon, Arthur .....	Banque du Peuple
Gallagher, James .....	Ontario Bank
Galletly, A. J. C. ....	Bank of Montreal
Gamble, R. D.....	Dominion Bank
Gaudet, J. E.....	Banque St. Hyacinthe
Gault, John.....	Merchants Bank of Canada
Gentles, A. E.....	Union Bank of Halifax
Gibson, C. E.....	Molsons Bank
Gill, Robert.....	Canadian Bank of Commerce
Gillard, J. H.....	Bank of British North America
Glazebrook, A. J.....	Bank of British North America
Godfrey, W.....	Bank of British North America
Goffin, C. A.....	Bank of British Columbia
Gossip, W. H.....	People's Bank of Halifax
Gower, E. P.....	Canadian Bank of Commerce
Graburn, K. F. A.....	Merchants Bank of Canada
Grant, J. F.....	Bank of Montreal
Grant, J. N. S.....	Union Bank of Halifax
Grant, J. W. S.....	Halifax Banking Co.
Grasett, H. J.....	Canadian Bank of Commerce
Gray, Fred H. ....	Standard Bank of Canada
Gray, J. E.....	Standard Bank of Canada
Gray, V. G.....	Bank of British North America
Gray, W. N.....	Merchants Bank of Canada
Greata, J. M.....	Bank of Montreal
Greenhill, G. V. J.....	Merchants Bank of Canada
Grindlay, Wm.....	Bank of British North America
Grindley, H. S.....	Molsons Bank
Grindley, R. R.....	Bank of British North America
Guertin, L. A.....	Banque St. Hyacinthe
Hague, Fred.....	Merchants Bank of Canada
Hague, Geo. ....	Merchants Bank of Canada
Haliburton, Wm. ....	Bank of Nova Scotia
Hale, Jeffery .....	Canadian Bank of Commerce
Hamilton, J. W. ....	Bank of British North America
Harcourt, J. L.....	Canadian Bank of Commerce
Hardisty, F. A.....	Imperial Bank of Canada
Harries, H. A.....	Molsons Bank

Harrison, Jeremiah .....	Bank of Nova Scotia
Harrison, R. M. ....	Union Bank of Canada
Harrison, T. S. ....	Canadian Bank of Commerce
Harper, C. G. ....	Merchants Bank of Canada
Harper, J. F. ....	Bank of Hamilton
Harshaw, W. B. ....	Merchants Bank of Canada
Hartt, A. W. ....	Molsons Bank
Harvey, W. C. ....	Union Bank of Halifax
Hatfield, C. E. ....	Bank of Nova Scotia
Hawkins, G. N. C. ....	People's Bank of Halifax
Hay, E. ....	Imperial Bank of Canada
Hay, E. P. ....	Canadian Bank of Commerce
Hazen, A. P. ....	Bank of British North America
Hearn, A. R. B. ....	Imperial Bank of Canada
Hebden, E. F. ....	Merchants Bank of Canada
Hebblewhite, W. A. ....	Imperial Bank of Canada
Henderson, F. D. ....	Bank of British North America
Henderson, Joseph .....	Bank of Toronto
Henderson, J. H. ....	Union Bank of Canada
Hespeler, Jacob .....	Molsons Bank
Hetherington, James .....	Eastern Townships Bank
Heward, E. H. ....	Merchants Bank of Canada
Hillyard, A. E. ....	Canadian Bank of Commerce
Hinds, W. G. ....	Merchants Bank of Canada
Hirtzel, H. M. ....	Canadian Bank of Commerce
Hoare, C. S. ....	Imperial Bank of Canada
Hoare, S. F. ....	Bank of British North America
Hodder, M. S. ....	Merchants Bank of Canada
Hodgetts, G. W. ....	Bank of Toronto
Hogg, A. B. ....	Bank of Ottawa
Holmsted, F. W. ....	Canadian Bank of Commerce
Holtby, F. B. ....	Merchants Bank of Canada
Hope, Adam .....	Canadian Bank of Commerce
Hope, F. ....	Bank of British North America
Hopper, A. C. ....	Bank of Ottawa
Horne, G. H. ....	Canadian Bank of Commerce
Hornibrook, G. H. C. ....	Canadian Bank of Commerce
Houseman, J. E. ....	Molsons Bank
Howard, G. W. ....	Bank of Nova Scotia
Howard, L. W. ....	Molsons Bank
Howe, S. J. ....	Union Bank of Halifax
Hughes, R. W. B. ....	Bank of British North America
Hull, T. G. ....	Bank of British North America
Hunt, W. P. ....	Bank of Nova Scotia
Hunter, Harry A. ....	Canadian Bank of Commerce
Hurdon, N. D. ....	Molsons Bank
Hutchinson, F. W. ....	Canadian Bank of Commerce
Inglis, John. ....	Merchants Bank of Canada
Inglis, R. ....	Bank of British North America
Innes, H. M. ....	Bank of British North America
Ireland, A. H. ....	Canadian Bank of Commerce
Irwin, H. ....	Merchants Bank of Canada



Jarvis, E. C.....	Merchants Bank of Halifax
Jarvis, Gerald.....	Bank of Ottawa
Jemmett, F.....	Merchants Bank of Canada
Jemmett, F. G.....	Canadian Bank of Commerce
Jennings, B.....	Imperial Bank of Canada
Johns, T. W.....	Bank of Yarmouth
Johnson, F. W. G.....	Molsons Bank
Johnstone, J.....	Bank of Nova Scotia
Jones, H. F. M.....	Bank of British North America
Jones, H. V. F.....	Canadian Bank of Commerce
Judd, T. W.....	Eastern Townships Bank
Kains, W. H.....	Merchants Bank of Canada
Kavanagh, C. R.....	Bank of Ottawa
Keith, J. W.....	Union Bank of Halifax
Kelly, J. E.....	Merchants Bank of Canada
Kemp, J. C.....	Canadian Bank of Commerce
Kent, R. G.....	Union Bank of Halifax
Kennedy, C. A.....	Bank of Nova Scotia
Kennedy, F.....	Bank of Nova Scotia
Kenny, C. H.....	Bank of Ottawa
Kessen, R. Blaikie.....	Bank of Ottawa
Ketchum, C. V.....	Bank of Toronto
Kilgour, W. A.....	Canadian Bank of Commerce
Kimball, F. E.....	Bank of Toronto
King, W. C. J.....	Canadian Bank of Commerce
Kingsmill, Wm.....	Bank of Ottawa
Kippen, C. C.....	Merchants Bank of Canada
Kirkland, Angus.....	Bank of Montreal
Kirkpatrick, G. R. F.....	Imperial Bank of Canada
Kirkpatrick, W. R.....	Bank of Toronto
Knight, John.....	People's Bank of Halifax
Kohl, E. F.....	Molsons Bank
Kydd, Geo.....	Bank of British North America
Lacasse, W. L. J.....	Banque St. Hyacinthe
Laframboise, J.....	Banque Du Peuple
Lafrance, P.....	Banque Nationale
Lafrance, P. G.....	Banque Nationale
Laing, R. T.....	Canadian Bank of Commerce
Laird, D. R.....	Bank of Nova Scotia
Langmuir, J. A.....	Imperial Bank of Canada
Latimer, C. R.....	Bank of Toronto
Lawford, C. A.....	Bank of Montreal
Lawson, F. T.....	Canadian Bank of Commerce
Lay, Harry M.....	Canadian Bank of Commerce
Leach, Hugh.....	Bank of Toronto
Leavitt, J. D.....	Union Bank of Halifax
Ledoux, A. O.....	Eastern Townships Bank
Ledoux, C. L.....	Banque St. Hyacinthe
Leefe, B. W.....	Canadian Bank of Commerce
Leitch, W. B.....	Merchants Bank of Canada
Leslie, John.....	Bank of Montreal
Leslie, N. G.....	Imperial Bank of Canada

Lewer, M. W. ....	Bank British North America
Lewis, C. A. ....	Merchants Bank of Canada
Lightbourn, D. B.....	Molsons Bank
Lister, F. A. W. ....	Merchants Bank of Canada
Little, A. F. ....	Union Bank of Halifax
Little, J. A.....	Molsons Bank
Little, J. F.....	Molsons Bank
Lockie, Everard J. ....	Canadian Bank of Commerce
Lockwood, H.....	Molsons Bank
Logan, A. H.....	Bank of Ottawa
Lombard, J. H.....	Bank of Nova Scotia
Lorimer, T. H. ....	Bank of Ottawa
Lyon, H. R. ....	Molsons Bank
Macarow, D. C.....	Merchants Bank of Canada
Macbeth, F. ....	Molsons Bank
MacGachen, F. L. ....	Merchants Bank of Canada
MacGillivray, D. ....	Canadian Bank of Commerce
Machaffie, W. A. ....	Merchants Bank of Canada
MacKellar, D. A.....	Standard Bank of Canada
Mackenzie, G. P. ....	Bank of British North America
Mackenzie, H. B. ....	Bank of British North America
Mackinnon, Jas.....	Eastern Townships Bank
Mackintosh, A. St. L. ....	Merchants Bank of Canada
Mackintosh, C. D.....	Canadian Bank of Commerce
MacLaren, W. ....	Bank of Ottawa
Macleod, Geo. ....	Bank of Nova Scotia
MacMillan, D. A. ....	Merchants Bank of Canada
MacNamara, D.....	Bank of Ottawa
Macoun, John ....	Canadian Bank of Commerce
Macpherson, R. C.....	Canadian Bank of Commerce
McCaffry, Thos. F. ....	Union Bank of Canada
McConkey, B. R. ....	Canadian Bank of Commerce
McCuaig, C. M.....	Molsons Bank
McEwen, A. E.....	Bank of Ottawa
McGowan, W. J. ....	Merchants Bank of Canada
McGregor, D.....	Canadian Bank of Commerce
McGregor, George C. ....	Molsons Bank
McHarrie, R. C. ....	Canadian Bank of Commerce
McIsaac, John A.....	Merchants Bank of Halifax
McKee, G. W. ....	Canadian Bank of Commerce
McKelland, R. A.....	Union Bank of Canada
McLaggan, C. E. ....	Bank of Nova Scotia
McLaughlin, J. W. ....	Eastern Townships Bank
McLean, A. D. ....	Merchants Bank of Canada
McLelland, E. J. ....	Merchants Bank of Canada
McMahon, J. ....	Molsons Bank
McMichael, H. M.....	Bank of British North America
McPherson, J. M.....	Molsons Bank
McRae, A. D. ....	Union Bank of Halifax
Magee, J. E. ....	Merchants Bank of Canada
Malpas, P. ....	Molsons Bank
Manson, Wm.....	Canadian Bank of Commerce
Marler, W. L. ....	Merchants Bank of Canada

Marquis, H. G.	Bank of British North America
Martin, James	Bank of Ottawa
Massey, W. M.	Bank of British North America
Masters, G. A.	Bank of Nova Scotia
Matheson, Alan F.	Merchants Bank of Canada
Mathewson, F. H.	Canadian Bank of Commerce
Maynard, Wm., jr.	Canadian Bank of Commerce
Meldrum, G. H.	Canadian Bank of Commerce
Mercer, J. H.	Bank of British North America
Merrett, T. E.	Merchants Bank of Canada
Mickle, A. E.	Imperial Bank of Canada
Middleton, H. H.	Molsons Bank
Middleton, W. E.	Ontario Bank
Millar, J. E.	Canadian Bank of Commerce
Miller, D.	Merchants Bank of Canada
Miller, J. M.	Bank of British North America
Minty, F. C. G.	Canadian Bank of Commerce
Minty, H. J.	Canadian Bank of Commerce
Mitchell, W. F.	Merchants Bank of Halifax
Moffat, A. C.	Bank of Ottawa
Moffat, W.	Imperial Bank of Canada
Moffatt, R.	Bank of Ottawa
Molson, H. Martland	Molsons Bank
Molson, J. D.	Molsons Bank
Monk, John Benning	Bank of Ottawa
Monk, William	Molsons Bank
Montgomery, R. J.	Canadian Bank of Commerce
Mooney, Andrew	Bank of Nova Scotia
Mooney, B.	Bank of Nova Scotia
Moore, E. A.	Bank of Montreal
More, John C.	Merchants Bank of Canada
Morgan, C. G.	Merchants Bank of Canada
Morgan, Edward W.	Eastern Townships Bank
Morley, Samuel F.	Eastern Townships Bank
Morris, H. H.	Canadian Bank of Commerce
Morris, M.	Canadian Bank of Commerce
Morris, M.	Imperial Bank of Canada
Morrison, C. T.	Canadian Bank of Commerce
Morrison, F. R.	Bank of Nova Scotia
Morrison, J. J.	Bank of British North America
Morson, W. C. T.	Canadian Bank of Commerce
Mowat, John	Bank of Nova Scotia
Mulkins, F. C.	Bank of Ottawa
Munro, A. D.	Bank of Nova Scotia
Munro, Geo.	Merchants Bank of Canada
Munro, Geo. W.	Peoples Bank of Halifax
Murray, A. S.	Exchange Bank of Yarmouth.
Murray, Geo. R.	Bank of Nova Scotia
Murray, Thos.	Halifax Banking Co.
Mussen, R. T.	Canadian Bank of Commerce
Napier, W. H.	Molsons Bank
Naylor, W. S.	Molsons Bank
Neeve, C. G.	Merchants Bank of Canada

Neeve, J. H .....	Bank of Ottawa
Niblett, E. R.....	Bank of Hamilton
Nicholls, T. E.....	Merchants Bank of Canada
Nicholls, W. G.....	Molsons Bank
Nicoll, J. C. ....	Bank of British North America
Nisbet, T. W.....	Canadian Bank of Commerce
Noel, H. V.....	Quebec Bank
O'Grady, G. de Courcy .....	Canadian Bank of Commerce
Oliver, E. P.....	Eastern Townships Bank
Oliver, F. G.....	Merchants Bank of Canada
O'Reilly, H. R.....	Canadian Bank of Commerce
Owen, L. C. ....	Bank of Ottawa
Palmer, W. B. ....	Canadian Bank of Commerce
Parker, E. G.....	Bank of Ottawa
Parker, F. A.....	Merchants Bank of Canada
Parkes, T. G. H .....	Merchants Bank of Halifax
Parmelee, Chas. D.....	Eastern Townships Bank
Parris, J. R. ....	Bank of Ottawa
Paterson, J. C. ....	Merchants Bank of Canada
Paton, J.....	Bank of British North America
Patterson, A. B.....	Merchants Bank of Canada
Patterson, L. Stewart .....	Eastern Townships Bank
Patton, F. L.....	Union Bank of Canada
Pease, Edson L. ....	Merchants Bank of Halifax
Peat, J. B. ....	Canadian Bank of Commerce
Penfold, J.....	Bank of British North America
Pennock, C. G.....	Bank of Ottawa
Pennock, H. P.....	Bank of Ottawa
Pethic, H. S.....	Bank of Nova Scotia
Phepoe, T. B.....	Molsons Bank
Phillips, E. S.....	Merchants Bank of Canada
Phillipotts, W. E.....	Bank of British North America
Pitblado, J.....	Bank of Nova Scotia
Pitt, Edward .....	Bank of Montreal
Plummer, J. H.....	Canadian Bank of Commerce
Polson, Hugh .....	Canadian Bank of Commerce
Pottenger, F. W.....	Merchants Bank of Canada
Pottenger, John.....	Merchants Bank of Canada
Pratt, Edward C.....	Molsons Bank
Prendergast, M. J. A.....	Banque d'Hochelaga
Price, F. E.....	Molsons Bank
Pringle, A. D.....	Merchants Bank of Canada
Pringle, W.....	Merchants Bank of Canada
Pyke, John G. ....	Canadian Bank of Commerce
Racey, E. F.....	Bank of British North America
Rae, H. C.....	Canadian Bank of Commerce
Ramsay, Wm. M.....	Merchants Bank of Canada
Raymond, S. D.....	Imperial Bank of Canada
Read, S., jr. ....	Canadian Bank of Commerce
Reed, C. E. B. ....	Molsons Bank
Rennie, C. L.....	Western Bank

Reynolds, W. P.	Molsons Bank
Richardson, H. A.	Bank of Nova Scotia
Richardson, J. A.	Imperial Bank of Canada
Richardson, Wm. S.	Eastern Townships Bank
Rice, O. F.	Imperial Bank of Canada
Richey, M. Henry	Peoples Bank of Halifax
Ridout, A. W.	Canadian Bank of Commerce
Rimington, S. B.	Molsons Bank
Robarts, A. W.	Canadian Bank of Commerce
Roberts, Wm.	Canadian Bank of Commerce
Robertson, A.	Bank of Nova Scotia
Robertson, Alex.	Bank of British North America
Robertson, Blair	Bank of Nova Scotia
Robertson, D.	Bank of British North America
Robertson, H. E.	Bank of Nova Scotia
Robertson, W. J.	Canadian Bank of Commerce
Robinson, Edward N.	Eastern Townships Bank
Robinson, J. A.	Merchants Bank of Canada
Robinson, R. A.	Bank of British North America
Robinson, P. C.	Bank of Nova Scotia
Robinson, Wm. H.	Eastern Townships Bank
Robson, C. A.	Union Bank of Halifax
Rowe, A. C.	Bank of British North America
Rowley, C. W.	Canadian Bank of Commerce
Rowley, H. H.	Bank of British North America
Rowley, O. R.	Bank of British North America
Ross, Fred J.	Merchants Bank of Canada
Roy, Edgar	Molsons Bank
Rudderham, H. E.	Peoples Bank of Halifax
Rumsey, C. S.	Traders' Bank of Canada
Rumsey, Reginald A.	Canadian Bank of Commerce
Russell, J. A.	Halifax Banking Co.
Saunders, E. M.	Canadian Bank of Commerce
Schofield, Geo. A.	Bank of New Brunswick
Scott, Robert C.	Merchants Bank of Canada
Scott, T. O.	Merchants Bank of Canada
Scott, W. B.	Merchants Bank of Canada
Secord, H. C.	Imperial Bank of Canada
Secord, H. C.	Canadian Bank of Commerce
Sharpe, O. H.	Bank of British North America
Shaw, Robert	Merchants Bank of Canada
Shepherd, D.	Molsons Bank
Short, F. T.	Bank of British North America
Short, H. H.	Bank of Ottawa
Simpson, C. E. St. C.	Canadian Bank of Commerce
Sloane, W. P.	Quebec Bank
Smith, Alex.	Merchants Bank of Canada
Smith, A. M.	Merchants Bank of Canada
Smith, Chas. Graham	Eastern Townships Bank
Smith, J. E.	Union Bank of Halifax
Smith, Lyndon	Merchants Bank of Canada
Smith, Wm.	Merchants Bank of Canada
Smith, W. Oliver	Merchants Bank of Canada

Smythe, J. W. H.....	Canadian Bank of Commerce
Snyder, L. P.....	Traders' Bank of Canada
Somerville, P. H. M.....	Bank of British North America
Spain, A. B.....	Bank of Ottawa
Spurden, J. W.....	People's Bank New Brunswick
Spurden, J. W.....	People's Bank of New Brunswick
Stanger, E.....	Bank of British North America
Stavert, W. E.....	Bank of Nova Scotia
Stephens, W. S.....	Molsons Bank
Stevenson, H. H.....	Molsons Bank
Stevenson, J.....	Quebec Bank
Stevenson, P. C.....	Canadian Bank of Commerce
Stewart, D. M.....	Canadian Bank of Commerce
Stewart, E. J.....	Merchants Bank of Canada
Stidston, J. H.....	Imperial Bank of Canada
Stikeman, A. T.....	Bank of Montreal
Stikeman, H.....	Bank of British North America
Stork, C. M.....	Canadian Bank of Commerce
Strachan, A.....	Molsons Bank
Strachan, James.....	Canadian Bank of Commerce
Strathy, Frank W.....	Union Bank of Canada
Strathy, H. S.....	Traders' Bank of Canada
Strathy, Stuart.....	Traders' Bank of Canada
Strickland, C. N. S.....	Union Bank of Halifax
Strong, F. W.....	Merchants Bank of Canada
Swan, H.....	Bank of Ottawa
Swinford, A.....	Bank of Ottawa
Tache, Jean.....	People's Bank of Halifax
Taillon, A. A.....	Banque Nationale
Tate, L. E.....	Molsons Bank
Taylor, J.....	Bank of British North America
Taylor, Jas. G.....	Halifax Banking Co.
Taylor, R. F.....	Merchants Bank of Canada
Taylor, W. H. Norton.....	Bank of Montreal
Tasker, P. A.....	Molsons Bank
Teeson, W. L.....	Eastern Townships Bank
Thomas, F. Wolferstan.....	Molsons Bank
Thomas, J. E.....	Canadian Bank of Commerce
Thomas, R. W.....	Bank of British North America
Thompson, J. E.....	Canadian Bank of Commerce
Thomson, A. H.....	Canadian Bank of Commerce
Thomson, G. A.....	Halifax Banking Co.
Thomson, Wm.....	Bank of Nova Scotia
Thorne, E. L.....	Union Bank of Halifax
Thornton, A. S.....	Canadian Bank of Commerce
Tofield, H. A.....	Merchants Bank of Canada
Torrance, W. B.....	Merchants Bank of Halifax
Tovey, H. D.....	Molsons Bank
Townshend, A. S.....	Halifax Banking Co.
Travers, W. R.....	Merchants Bank of Canada
Trigge, A. St. L.....	Canadian Bank of Commerce
Turnbull, J.....	Bank of Hamilton
Turnbull, T. M.....	Canadian Bank of Commerce

Vibert, Philip.....	Union Bank of Canada
Wadsworth, W. R. ....	Bank of Toronto
Wainwright, G. C. ....	Bank of Ottawa
Wainwright, J. R. ....	Molsons Bank
Walcot, C. W. ....	Merchants Bank of Canada
Wallace, Jas. B. ....	Merchants Bank of Canada
Wallace, H. N. ....	Halifax Banking Co.
Wallace, R. G. ....	Bank of Nova Scotia
Wallace, R. R. ....	Bank of Montreal
Wallace Wm. ....	Molsons Bank
Wallace, W. J. ....	Bank of Montreal
Walker, B. E. ....	Canadian Bank of Commerce
Walker, H. B. ....	Canadian Bank of Commerce
Ward, W. C. ....	Bank of British Columbia
Waterbury, W. B. ....	Merchants Bank of Canada
Waters, D. ....	Bank of Nova Scotia
Watson, A. W. ....	Eastern Townships Bank
Waud, B. H. ....	Molsons Bank
Waud, E. W. ....	Molsons Bank
Webb, E. E. ....	Union Bank of Canada
Wedd, G. M. ....	Canadian Bank of Commerce
Weir, W. ....	Banque Ville-Marie
Weir, W. A. ....	Imperial Bank of Canada
Wemyss, J. M. ....	Imperial Bank of Canada
West, S. J. ....	Merchants Bank of Canada
Wethey, C. H. ....	Imperial Bank of Canada
White, Charles ....	Imperial Bank of Canada
White, G. A. ....	People's Bank of Halifax
Wickson, Arthur.....	Merchants Bank of Canada
Wilkie, D. R. ....	Imperial Bank of Canada
Wilson, Alex. ....	Bank of Nova Scotia
Wilson, C. S. ....	Bank of Ottawa
Wilson, H. B. ....	Molsons Bank
Wilson, G. M. ....	Merchants Bank of Canada
Williams, H. F. ....	Eastern Townships Bank
Williams, R. S. ....	Canadian Bank of Commerce
Willmott, J. S. ....	Merchants Bank of Canada
Winslow, F. E. ....	Bank of Montreal
Winter, G. H. ....	Bank of British North America
Wood, E. C. F. ....	Imperial Bank of Canada
Wood, J. W. H. ....	Canadian Bank of Commerce
Woodhill, R. A. ....	People's Bank of Halifax
Worthington, H. S. ....	Molsons Bank
Wright, R. G. ....	Union Bank of Halifax
Wurtele, H. N. ....	Merchants Bank of Canada
Wyld, O. A. ....	Bank of British Columbia
Yarwood, C. St. G. ....	Canadian Bank of Commerce
Young, J. E. ....	Imperial Bank of Canada
Young, Thomas ....	Bank of Ottawa
Young, W. C. ....	Merchants Bank of Canada