

not cease to convey the impression that this 3 per cent guarantee really amounts to 12 per cent, because a certain number of \$100 shares were allotted at the rate of 25, although it is perfectly well known that the original promoters paid par for five millions of stock which made an average of 40 per cent, which is about the market price at which the stock has ruled for a considerable time.

It has actually been suggested by the *Hamilton Times* that Mr. Stephen, the President of the Company, and a large holder of its stock, should come forward and advance additional capital to extricate the Company from its embarrassments. And these wisecracks seem wholly unable to comprehend the absurdity of applying the term "Syndicate" to the Directors of a regularly organized Company. The term was applicable to the few gentlemen who entered into the original agreement with the Government to act as promoters of a company to construct and operate the railroad, and who were required to pay up five millions of dollars as a guarantee of their good faith. It was, of course, impossible at the time to form any idea of the terms on which the required capital could be obtained, and in accordance with the rule adopted in the case of the Grand Trunk and similar enterprises it was determined to charge the capital account with interest on the money paid up on account of capital. It is easy to show that this interest is a heavy charge, but if the shareholders have such "a large steal" as their enemies allege, is it not strange that the people who hold that opinion do not take advantage of the low market value of the stock and secure a share of the profit?

The assailants of the Canada Pacific Co. seem wholly unable to realize the fact that its shareholders are partners in a limited liability company, and that they are not personally responsible for its liabilities. Let the worst come to the worst, the Dominion will have obtained a road which it was pledged to construct for the amount of its loans, while the much-abused shareholders will have lost the capital which they have invested. The worst feature in the whole affair is, that the gentlemen connected with the company have been abused in the most violent manner, and that no effort has been spared to injure them, for no other reason than to damage the Government politically. We might perhaps notice the fact that a good deal of the abuse has proceeded from friends of the Grand Trunk, but candor compels us to acknowledge that between the advocates of the

rival railroads there has been strict reciprocity.

THE MERCHANTS BANK.

The report of the directors of the Merchants Bank, which will be found elsewhere, is not less encouraging than that of the Bank of Montreal. It points clearly to better times than we have had, while inculcating prudence on the mercantile community. Apart from his remarks, on the project of adopting in Canada the National Bank currency system of the United States, which we shall make the subject of a special notice, the principal feature of Mr. Hague's address was the importance of a better understanding being maintained between the banks, so as to prevent one institution being played off against another. Mr. Hague holds, and we think quite correctly, that it should be made impossible for a customer to leave one bank for another, by obtaining better terms. It is often, especially at the branches, thought to be a highly meritorious act to obtain the transfer of the account of a customer of another bank, while it may be quite possible that such bank is but too glad to get rid of a doubtful account. Mr. Hague's experience leads him to think that the amount of money lost by such transfers, would run into millions. One of the most extraordinary of the prevalent delusions among shareholders is that it is possible to carry on the business of banking without loss, and it has even been proposed to make the directors responsible for all losses which may be sustained under their management. We sometimes, too, hear the hackneyed cry of protecting widows and orphans. Such members of the community can only be interested in bank management by the action of those immediately connected with them. The object of those friends is to obtain greater returns for their investments than what the public securities afford, and if they choose to embark in a business, which, though it may be less hazardous than most others, is nevertheless hazardous, they must abide the consequences. Mr. Hague's speech will repay perusal, and we were glad to observe the unanimity which prevailed at the meeting. The old board of directors was re-elected, and Mr. Andrew Allan and Robert Anderson were subsequently elected president and vice-president.

BROKERAGE IN FIRE INSURANCE.

We have written some articles in these columns at different periods upon the

above, but the present is a time when, through the action of the Board of Fire Underwriters, the subject once more comes prominently forward, and we purpose to review the situation in a fair and equitable manner for all concerned.

The broker in Montreal has gradually become a recognised factor in dispensing the business of Fire Insurance, and those companies which refuse to accept or would alter this are simply kicking against the inevitable, and are guilty of an act so egregious that it can only be likened to that of the man who would "cut off his nose to spite his face." This much may be acknowledged at starting, for whereas in the past—the long past too—insurers came direct to the companies to transact their business, now, in this city at least, nearly the whole of said fire insurance business is done through the medium of the broker, who belongs to the modern commercial system as completely as steam and electricity.

This being admitted, it seems almost incredible that in attempting to regulate what cannot be dispensed with, and what after all effects a very small part of the fire insurance in the Dominion, the Canadian Underwriters' Association came very nearly going to pieces! Yet such, we understand was the fact, although it was not upon the brokerage question, pure and simple, but upon certain side issues growing out of proposed rules that the Association was almost having "*Hic jacet*" written over its tomb. One of these proposed rules appears to have been the forbidding payment of commission to loan companies or banks on the insurance of property controlled by them; and another was the limitation of the number of city agents to each company. With regard to the first it was impossible for a chief agent here to subscribe to a rule nullifying an existing agreement made by the home office in Great Britain; and as to the second it was equally absurd to expect a company to admit a rule which might curtail its business in certain parts of the city or prevent it from extending that business in other directions. Such rules are quite impracticable and could not be carried out; but their being brought forward was an evidence that there were abuses which it was intended they should rectify, and at length a compromise was effected which we think fairly met the difficulties. In the first place the bank or loan company is debarred from claiming commission on business in which they have a direct or hypothecary interest; and, secondly, every city canvasser must be registered with the association previous to