

made. Another fiscal year (1874-5) closed on the 30th proximo, and no part of its returns will be more eagerly scanned when they are published, than our exchanges with our American neighbours. In our commercial intercourse with them, all classes of Canadians are now agreed that the interests of the Dominion should alone be consulted. We have endeavoured by Reciprocity and otherwise, to make our commercial relations with them more free and intimate. These efforts have failed, and our offers have been somewhat cavalierly declined: our fiscal policy, therefore, should hereafter be strictly Canadian, and framed solely to build up our own interest, irrespective of others.

FURTHER BANK MEETINGS.

Since our last issue three other bank meetings have been held, two in the Province of Quebec and the other in Ontario.

The Union Bank of Lower Canada commenced business a few years ago, with its headquarters in the ancient capital, and has from the beginning commanded a considerable business. Its Directors are able and respectable men. Its President is a gentleman of influence and wealth, with a long and varied business experience. It has succeeded in a comparatively short time in building up a large business; its deposits amounting to \$1,900,000, and its circulation to \$630,000 on a capital of \$1,989,000. It has branches in Montreal and Ottawa, and is in a position to command some of the choicest business of Lower Canada.

The experience of the Union Bank, however, notwithstanding all its advantages, is another illustration of a truth that is often lost sight of by bank stockholders and the public, but is only too familiar to those who have to do with the internal working of banks. To make banking profits is comparatively easy, but it requires uncommon skill, incessant watchfulness, and the exercise of highly-trained talent, to prevent losses rising to such large amounts as almost entirely to neutralize the profits of a year. This, we say, is often entirely forgotten by bank stockholders. They seem to calculate on a steady average of net profits, as if such things as losses were entirely unknown. They will ask at bank meetings when the dividend is going to be increased, with as much complacency as if future profits were guaranteed by the English Government. There is probably not one bank stockholder in twenty who realizes what an amount of labour, foresight, and experience have to be exercised in order to give him any dividend at all: that is, to prevent losses creeping

up gradually to such an amount as entirely to absorb the year's profits. In these prosperous times we seem to have entirely forgotten the experience of the past. Yet it is scarcely ten years since a bank with a capital of four millions was obliged to stop payment, whose stock at one time stood higher than that of the Bank of Montreal. No bank in Canada had a higher reputation than the Commercial,—yet in a few short years its losses amounted to more than two millions of dollars. In the management of this bank there was nothing of the reckless folly which had brought the Upper Canada Bank to the ground a year or two before. It was administered in an honest and painstaking manner, and its stockholders as little dreamed of the catastrophe that overtook it as do the complacent shareholders who now-a-days enjoy their dividends of ten to fourteen per cent., and think they will last for ever. A year or two, however, of disaster, in the case of this bank, swept away dividends, capital, and surplus fund alike, and left stockholders glad to accept thirty-three per cent. for what was left of their property. We refer to this case, as representing the dangers that beset a bank that is administered honestly, and, up to a certain time, prudently. We put out of account such scandals as that of the Bank of Upper Canada. The millions that were squandered by the authorities of this Bank were in defiance of every rule of banking and common sense, and such a case is not likely to occur again. We can never have another Bank of Upper Canada. But we may have a repetition of such disasters as those to which the Commercial and the Gore were compelled to succumb. We are having them this very year. It only needs a year or two of incautious management to bring any bank into trouble. Sometimes a few months is sufficient to do it.

We have been led to this strain of remark from the report presented at the meeting of the Union Bank, held in Quebec last Thursday. The Directors state, very frankly, the results of the year's business, and they are to be commended for it. They state that large profits have been earned, but that unfortunately such losses have been incurred as have compelled the Directors to carry but a small amount to Profit and Loss next year. On turning to the Profit and Loss statement, we see what the meaning of this is. The net profits of the Bank, after making provision for bad debts, have amounted to less than eight per cent. for the whole year. The Bank, in fact, in order to pay its dividend has had to trench on the profits of former years. Judging by the extent of the Bank's business, and the net profit shown, we should say that the

losses of the year must have been more than \$100,000. To earn such a net sum as that, the Bank would have to discount some seven million dollars worth of bills averaging three months to run. We consequently arrive at the conclusion that all the labor, expense, and anxiety involved in the conduct of nearly half its discounting business was thrown away. A very sorry result of all this labor and anxiety, and very aggravating and disappointing. Yet there are people who imagine that banking is a simple and easy business, and that bank profits are sure to go on undisturbed year after year.

In speaking thus, we do not touch the question raised by a correspondent, as to whether the Directors of the Bank did right in declaring their second dividend at eight per cent. It might have been wise to avoid trenching on former profits, considering that the Bank has not a very large Rest. But undoubtedly the Directors had the right to do so if they judged it expedient, and it should be remembered that one object of accumulating a Rest is to enable the dividends of the Bank to be steadily maintained, even when the profits of a particular half-year show a falling off. But should this falling off be repeated, it is a question if it would not be desirable to decrease the dividend.

The general meeting of the Bank of Commerce in this city took place on Friday, and was the occasion for the exhibition of an unreasonable amount of faultfinding on the part of some of the shareholders. After receiving 10 per cent. of dividend, and having \$100,000 of reserved profit carried to the rest, whereby the value of their property is increased, we think the shareholders are hard to please if, in such times as these, they are not satisfied. We understand that an absurd proposal was broached by one stockholder, that the Directors should state in every annual report not only the amount of money lost during the year, but actually give the names of the parties by whom losses had been incurred. This proposal, if carried out, would most effectually prevent parties opening accounts with the bank. All bank dealings with individuals are confidential, and for a board of directors to publish the losses they have sustained by individuals would be a breach of confidence. It is doubtful also whether a newspaper publishing such a report would not be open to an action for libel.

If, indeed, the losses of a bank were on so large a scale as to prevent a dividend being declared, and there appeared unmistakable signs of bad management, it would be perfectly competent for stockholders to