

The capital of \$6,000,000, reserve fund of \$3,400,000, circulation averaging over \$4,000,000, and deposits of \$26,600,000, make the bank's resources over \$40,000,000, which puts it in the front rank of the banks on this continent.

The Merchants' Bank has a well-trained and highly respected staff of branch managers, who are in close touch with the business men and conditions of their several localities. The acting General Manager, Mr. Hebden, has had wide experience as a banker and is fully acquainted with its affairs both at the head office and branches. He enjoys the confidence and respect of the other bankers and has the co-operation of a loyal and efficient staff.

The president represents one of the largest shipping firms in the world, to which Canada owes an incalculable debt for services in furthering her commercial development. His colleagues on the Board represent large financial and mercantile interests of great value to a bank, as are also their long experience and matured judgment.

There is nothing in such a situation to make amalgamation at all desirable.

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**OBJECTIONS TO AMALGAMATION.**—It would by no means add necessarily to the strength, or the proportionate earning power, of the Merchants' Bank, were it to absorb, or be absorbed by, another institution. Mere magnitude is not strength, indeed some department of a bank may so increase as to develop weakness. A bank that has had a long career has acquired a characteristic policy and its own methods, which may be quite out of harmony with some other bank which is spoken of in regard to amalgamation. There is almost certain to be some overlapping of business connections in such a change, when both banks have been operating for years in the same business sphere.

It is moreover open to grave question whether it is in the general interest of the country and of other banks for one huge institution to be built up that would dominate the financial situation.

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**BANK PURCHASE, NOT AMALGAMATION.**—The purchase by a bank of another institution is a very different matter to amalgamation. Such a transaction involves the re-valuation of the assets that are bought, which usually involves a scaling down and a probability of some sacrifice to the stockholders of the purchased bank. In carrying out a purchase of this kind, there generally arises some disturbance of the relations between the customers and the purchaser, which may and which have been known, to depreciate the value of the business so acquired.

Looking at this matter from various standpoints, the amalgamation so much discussed is seen to be

needless for the future progress and prosperity of the Merchants' Bank of Canada, which will best fulfil its mission to the public and serve its stockholders by continuing its own individual career.

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THE NORTHERN BANK OF CANADA subscription lists are now being opened. Capital \$2,000,000, to be issued at 10 % premium. The head office to be at Winnipeg. Mr. J. H. Ashdown is named as president, and Mr. J. W. DeCourcy O'Grady, formerly of the Bank of Montreal, Chicago, as general Manager.

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THERE ARE OTHER BANK AMALGAMATIONS in the air. The banks referred to have their head offices in Toronto. It is doubtful, however, whether they will come together.

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WE CONGRATULATE THE FIRE UNDERWRITERS' ASSOCIATION for having at its recent annual meeting taken off the extra 15c which was added to all towns and villages, etc., indiscriminately, for conflagration hazard after the big fire in Toronto. We referred to this matter in our last issue. We always considered that the increase was not justified by the rules of sound underwriting, which means the adjustment of rates in proportion to the risk incurred.

It was manifestly unfair to tax towns and factories for a hazard which did not apply to them, but only to those in more closely built cities where the circumstances are by no means parallel. It was pointed out in these columns that the conflagration hazard in Toronto and Montreal where there are areas covered by buildings ranging from four to ten stories high, and in which the value of property at risk is so large, is vastly different to that in smaller places where the height of the buildings is far less, and the value over the whole town or village does not begin to approach the amount at risk in the small section of the district subject to a sweeping fire in such cities as we have mentioned.

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FIRE INSURANCE, OF COURSE, IS GOVERNED BY THE LAWS OF AVERAGE, but there is no reason why commonsense should not be used in the application of those laws, and it is scarcely logical to add on rates to risks for the purpose of making up heavy losses in Toronto, in country towns and villages where different conditions appertain. In other words, the burden of carrying the conflagration hazard in the cities of Montreal and Toronto should be placed on those cities, and we are glad that the companies have made this reduction which is equitable and reasonable.

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THE UNDERWRITERS' ASSOCIATION also made a concession of an extra 5 % for the co-insurance clauses, which is another step in the right direction,