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1878.

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FINANCE AND INSURANCE REVIEW.

MONTREAL, MARCH 15, 1878.

THE MERCHANTS' BANK.

The decision arrived at by the sub-committee on Banking and Commerce, to which was referred the bill for reducing the capital stock of the Bank, and which was to reduce it to a still lower figure than the shareholders had asked by their petition, had the effect of causing a considerable decline in the stock, which, however, was followed by a rapid recovery on the true bearings of the case becoming known. We have no means of forming an opinion as to the cause of the recommendation of the committee, but most certainly the value of the stock cannot be affected by their decision, unless it was based on some declaration of losses not yet known. This, we are inclined to think, was not the case, judging from Mr. Holton's remarks to the Banking Committee. The object of the reduction is to enable the Bank to pay dividends, which it cannot do with an impaired capital. The effect of the greater reduction will be to give a larger rest, and in such times as these, when unexpected losses are taking place, there seems no objection to the

proposition. We have no reason to believe that the recommendation of the committee has been caused by any new information regarding the affairs of the Bank, but that it has been suggested by a desire to strengthen it as much as possible in its future operations. The main point for consideration is that the real value of the stock has not been affected in the slightest degree by the action of the committee, while the ability of the Bank to pay continuous dividends is, undoubtedly, strengthened by the largely additional margin obtained for a Rest.

THE MINISTERIAL CRISIS IN QUEBEC.

The limited space at our disposal renders it impossible for us to insert at length the explanations made in the House of Assembly on the 8th inst. by the Hon. Mr. Angers, but the subject is of too great importance to be passed over altogether without notice. We shall endeavor to state, as briefly and as fairly as possible, the leading facts, giving extracts where such appear necessary. It appears that, on the 26th February, the Premier of the Quebec Ministry, the Hon. Mr. DeBoucherville, received a memorandum signed by the Lieutenant-Governor, and dated the 25th, requiring copies of a number of papers relating to the Quebec, Montreal, Ottawa and Occidental Railway, together with the reasons which induced the Government to propose compulsory measures against the municipalities. Towards the conclusion of the memorandum the Lieutenant-Governor stated that this measure, together with that to provide for the imposition of new taxes, had been proposed to the Legislature without previous consultation with him, and he added that "he cannot allow the Executive to communicate to the Legislature on his behalf any important or new measures without his special order, and without his having been previously informed and advised thereof." We have made the foregoing brief extract from the memorandum because it explains the whole difficulty. On the 27th February Mr. DeBoucherville replied at some length. He first promised the required documents, then proceeded to represent the reasons which led to the action of the Government, cited precedents for the measure proposed, and then explained that, while the Lieutenant-Governor had been absent at Riviere Ouelle, "I had the honor of requesting your authorization to lay the question of finances before the House and that you were kind enough to reply that you sent me a blank form by mail." Mr. DeBoucherville states that

"later on I had the honor of requesting your Excellency's authorization generally to lay many questions before the House, and this your Excellency granted with your usual condescension." He added that "this permission had invariably been accorded me by your predecessor, the lamented Mr. Caron." We shall quote the remainder of Mr. DeBoucherville's letter in his own words:—

I must admit that, with this authorization, and the conviction in my mind that your Excellency had read the Treasurer's budget speech, in which he announced the taxes which were afterwards proposed, I considered I had a right to inform my colleagues that I had your permission for all questions respecting money. I beg your Excellency to believe that I never had any intention of arrogating to myself the right of having measures passed without your approval, and that, under existing circumstances, having had occasion to speak to your Excellency in reference to the law respecting the Provincial Railway, and not having received any order to suspend it, I did not think your Excellency would discover in this measure any intention on my part to slight your prerogative, which no one is more disposed than I am to respect and uphold.

(Signed,) "With, &c., &c.,
"G. B. DEBOUCHERVILLE."

The letter to which we have referred was delivered in person to the Lieutenant-Governor on the 27th ultimo, and a conversation ensued, the result of which was an admission on the part of the Lieutenant-Governor that any misunderstanding on the part of the Premier had been in good faith, and, consequently, that the communications to the House by Mr. Angers and Mr. Church had been made in the belief that the necessary authority had been given. His Honor, in reply to a question, said that "the only difficulty remaining was the question of the Quebec, Montreal, Ottawa & Occidental Railway, and that he would give an answer on the following day, the 28th February." On the evening of that day Mr. DeBoucherville brought in person the documents relating to the railway, and asked if he would soon give his answer. The Lieutenant-Governor told him that he would examine the documents, and probably give it to him on the following day, 1st March. On leaving Mr. DeBoucherville said, "If I understand you rightly you are hesitating between giving your sanction to the railway bill and reserving it." He replied, "That's so." On the 2nd March a letter, dated the 1st, was delivered to Mr. DeBoucherville, and this, being the really important document of the series, we shall give *in extenso*:

"GOVERNMENT HOUSE,
Quebec, 1st March, 1878.

"To the Honorable G. B. DeBoucherville, Premier, Quebec,

"The Lieutenant-Governor, taking into consideration the communication made to him verbally (on the 27th February) by the Premier, and also taking into consideration the letter that the Premier gave to him, is ready to admit that there had been no intention on behalf of