

report supplement, were all collected at the Boscours market in that city, were mostly taken from obscure dealers who sell cheap butter, made in the neighbourhood, to the poorer classes of the population; and that not one of the samples fairly represented the bulk of the butter shipped to England. Certainly it was not wise on the part of those charged with the duty of ascertaining the general quality of an article so widely used, to let the faulty specimens of but one group of retail dealers, go forth to the world in print as representing the quality of thousands of tons.

Three quarters of the butter handled last year by Montreal dealers and shippers, we are told, were made in dairies east of Kingston, not one pound of which was adulterated, and the other quarter west of that city, in districts where, if the quality is not always first rate, the article is at least genuine. To account for the recent sweeping and unjust statement, in the *North British Agriculturist*, that Canadian butter was made from petroleum and animal fats, a correspondent reminds us, "that in the season of 1876, fully a quarter of the butter shipped from Montreal was United States butter, brought from Chicago and even from New York. Common report states that this article was branded and shipped as Canadian, although the bulk of it was grease, and unfit for food, and some of it very likely butterine, or what one may please to call the mixture."

We have only to ask the people who thus misname Canadian produce, if they regard selfish considerations only, to remember that by so doing they are killing the goose that may-be lays some golden eggs for them. If they care nothing for Canada's reputation, they may at least look ahead a little and have a care for their own pockets.

Our butter makers, as well as our butter merchants will, we trust, give heed to the suggestions so often made in Dairy Associations and elsewhere, of greater skill and cleanliness in the manufacture of butter, and greater care and judgment in the packing of it. The remark is made abroad, and with much truth, that while Canadian cheese is so generally excellent, much of our butter, anomalous as it may seem, is very indifferent in quality. Whilst, therefore, we object to making matters out worse than they are, we see great room for rendering them better; and the most promising step we can take in this direction is to increase the number of our creameries.

#### ASSIGNEES' LIABILITY FOR COSTS.

The Insolvent Act of 1875 provides that the Assignee may, by leave of the court,

intervene and represent the insolvent in any suits pending by or against him, in which the estate has any interest. Questions are sure to arise as to the liability of the assignee for costs in case of his so intervening, and being unsuccessful in the final determination of such suits; and any case bearing on the subject will be studied with interest.

In a recent suit in the County Court of York the defendants, after verdict against them and before judgment, made an assignment in insolvency, whereupon their assignee applied for and obtained an order substituting himself as defendant. He then moved against the verdict, in which motion he was unsuccessful. The plaintiff then entered up judgment against the assignee for the full amount of the judgment and costs, and on the assignee's refusal to satisfy the judgment, executions against his goods and lands were issued thereon and placed in the hands of the Sheriff. The assignee then moved to set aside these executions on the ground that he was a party to the suit only in his official capacity, and that the plaintiff could not hold him personally liable but must look to the estate like any other creditor. The matter was fully argued before his Honour Judge McKenzie, who, after having taken time to consider, decided that the judgment had been improperly entered, that the assignee was personally liable for the costs incurred subsequently to his having intervened, but for nothing further; and that as to the debt and the costs prior to that time the plaintiff would have to rank on the estate.

This appears to be the first case in which the question has arisen under the present Act, and the learned Judge remarked that there appeared to be no English cases directly in point.

#### REDUCTION OF CAPITAL OF THE MERCHANTS' BANK.

The reduction of the capital of this bank, which has just been made by a Parliamentary Committee, and which will doubtless pass both Houses, gives evidence of thoughtful discrimination on the part of the leading members of that committee, who have long been known as persons of mature judgment. And the ready acquiescence of the management of the bank in the suggestion that a somewhat lower point of reduction than that proposed last year would be prudent, considering the times, shows that they perfectly appreciate the importance of a thorough and effectual settlement of the capital on a permanently solid basis. It is becoming more and more under-

stood that the capital of a bank—to enable it to conduct its business satisfactorily, and make good returns to its stockholders—needs to be strengthened by a considerable margin to guard against contingencies. Sound and cautious bankers have long acted on this principle, and in their annual statements or balance sheets the public will always observe that after the word capital there is mention made of a "reserve fund" or "rest," or "contingent fund." Under one or other of these forms, or a combination of two of them, it is thought to erect a safeguard around the capital, so that under all ordinary circumstances, and even in such disastrous times as we are now experiencing, the stock may be held safe beyond all peradventure. It was a consideration of this kind doubtless that led to the action recently taken.

The bank, with a reduction of its capital to seventy-five per cent., might probably have had a margin sufficient for ordinary times. But exceptional circumstances like the present lead to the adoption of exceptionally cautious measures, when such large interests are at stake as are involved in the present case.

The reduction of one-third instead of one-fourth will not add to nor take from the real assets of the bank. It will neither increase nor diminish their value; but it will have the effect of placing the capital in such a position that it can be surrounded by unquestionable safeguards in the shape of a largely increased margin of reserve or contingent funds. It will admit,—to use a military expression,—of a double line of defence being created.

It is also obvious that the capacity of the bank to earn dividends will not be affected by this reduction. The bank will have as much money, and the same facilities for making profits as it had before; and whatever profit is made will accrue to the benefit of the stockholders. Placing the capital at a lower figure however, although it will not affect the amount of money divided, will clearly increase the rate of dividend. And it is the rate of dividend, when steadily maintained, that permanently settles the value of the stock.

We observe that in the bill, as reported by the committee, ample security is provided for the creditors of the bank, and the settlement that has now been effected of this important matter will be for the permanent good of all parties concerned. Dividends can be immediately resumed, and we believe the wish of the stockholders, as expressed last year, will be carried out: viz., that a whole year's dividend will be paid at once. The capital of the bank, when reduced