

and that those now chartered should be restricted to an issue to the extent of, say, three years average seems to be a satisfactory basis for an arrangement. There can be no difficulty whatever in providing by a short Act of Parliament for the perfect security of the Dominion notes. We may point out, by way of illustration, that on 31st Oct., 1884, the Dominion note circulation was \$17,114,333, and on 30th April, 1885, \$14,628,545, a difference of \$2,485,788, while under Sir Leonard Tilley's Dominion Note Act only \$621,447 more gold was required at the former than at the latter period. And yet nearly two millions of the excess was held by the banks as a gold reserve. According to a sound system, at the former period the Government reserve should have been \$7,114,333, while at the latter period \$4,628,545 would have been adequate. The Finance Department will do well to profit by the advice of an experienced bank manager like Mr. Hague, and restore the original principle of the Dominion Note Act which is that of the Bank of England Act of 1844. Unless sound legislation is resorted to, the first serious pressure on the banks will compel a demand on the Government which will cause much inconvenience.

THE CANAL TOLLS.—The action of the Government in reducing the Canal tolls to a merely nominal rate will, we feel assured, be appreciated not only by the inhabitants of Montreal, but by all those who desire that the St. Lawrence navigation shall be encouraged. It seems not to occur to the Ontario opponents of the St. Lawrence route that all charges on goods that are either received or forwarded by the St. Lawrence fall on the consumers or producers of the Dominion who use that route in preference to the United States. It is satisfactory to find that the influence which is hostile to the St. Lawrence navigation has been powerless on the present occasion.

There are encouraging prospects for stock raising in Manitoba, says an exchange. Mr. Robert Campbell, who lives a little north of Strathclair, has a very fine herd of seventy-five West Highland cattle. These animals were wintered out doors without feeding, their peculiarity being that they paw up the snow and thrive on the grass thus found; and they are now in fair condition. They are very hardy, their calves being in many instances dropped early in the snow, and have not suffered to any extent. Their hair is very long, and their hides make excellent robes. Mr. Campbell receives great credit for his enterprise in introducing this new variety of stock into the country. The first of his present herd were imported from Scotland two years ago at great expense.

Meetings, &c.

MERCHANTS BANK OF CANADA.

The annual meeting of the stockholders of the Merchants Bank of Canada was held in the

Board Room of the Bank the 17th inst. There was a large attendance of stockholders. Among those present were Messrs. Andrew Allan (president), Robert Anderson, Jonathan Hodgson, Hector Mackenzie, Adolphe Masson, William Darling, John Cassils, John Duncan, John Crawford, T. D. Hood, H. Montagu Allan, Hugh Allan, J. P. Cleghorn, D. Lorn McDougall, Wm. Millar, J. C. Watson, J. Y. Gilmour, Geo. Hague (general manager), A. C. Clark, G. S. Brush, Mr. Rae, J. L. Marler, L. Huot, J. Learmont, F. Caverhill, J. Bennett, J. Curran, Alex. Ewan, G. W. Hamilton, J. Try-Davies, W. B. Cumming, A. McDougall, and others.

Ald. T. D. Hood, moved that the president, Mr. Andrew Allan, take the chair. The president then asked Mr. J. H. Plummer, assistant general manager, to act as secretary of the meeting. The secretary, being called upon, read the advertisement calling the meeting.

THE ANNUAL REPORT

of the directors, which had been in the hands of the stockholders for some time was taken as read. The report is as follows:—

The Board have pleasure in again meeting the stockholders for the purpose of placing before them the results of the year's business.

The net profits of the year, after payment of interest and charges, and deducting appropriations for bad and doubtful debts, have amounted to..... \$523,799 04
Balance from last year..... 9,501 36

\$533,300 40

This has been disposed of as follows:—

Dividends Nos. 32 and 33, 7 per cent..... \$400,733 69
Added to the "Rest"..... 125,000 00
Carried forward to profit and loss account of next year..... 7,566 71

\$533,300 40

MEMO.—It will be observed that the form of the statement has been changed from that presented last year, the sum written off for Bad and Doubtful Debts being deducted from the gross profits, as well as charges, and interest on deposits. In addition to this a large amount of debts that have now become irrecoverable have been written off the Contingent Fund, reducing the same to \$150,000.

The profits of the year, though on the whole well maintained, have not been as large as those for the year 1884. The appropriations for bad and doubtful debts have called for the setting apart of much larger sums than are necessary in an average year, a result which stockholders cannot be surprised at, considering the large number of failures during the year. It is satisfactory to note that during the last few months, signs of improvement have been perceptible, and failures have considerably diminished. The harvest which was reaped in 1884 was, on the whole, an abundant one. But the grain harvest was very productive in other countries, and prices fell to a point almost unprecedented. The consequence of this was deferred payments, many renewals, and poorer returns than usual to the cultivators of the soil. The heavy export trade in the products of our farms, which is of so much advantage to the country generally, has not resulted in profit to those who have carried it on. The volume of business, however, has been very considerable, and the Bank has had a due share of it, which has been done without loss. The profit from this branch of business, owing to excessive competition, has been reduced below a reasonable minimum. The business of the Bank with the wholesale-importing houses of the Dominion has been generally satisfactory. The customers of the Bank have exercised commendable prudence and avoided unprofitable expansion. The large lumber interests of the Ottawa valley are on the whole in a satisfactory condition; and the business of the Bank in that quarter your board believes to be in a sound state. The commencement of the Bank year witnessed a deep depression in some of the most important manufacturing industries of the country. This

at one time threatened to result in a disastrous collapse. By the prudence, forbearance, and firmness of the banks interested, and their readiness to assist deserving customers, this period of depression has been tided over with no worse results than the closing of the larger factories for a short period. Stocks were thus worked off, and a way opened for a resumption of production. The business, generally speaking, cannot be said to be profitable at present; but production has been resumed on a moderate scale. It is hoped that business may shortly be done on a basis that will be profitable to the owners and stockholders of these establishments. The business of the Bank in Manitoba has called for constant vigilance, and the exercise of much prudence and judgment on the part of the officers of the Bank. Of the heavy losses suffered in the North West by Banking Institutions, in consequence of the collapse of speculation, the Bank has had but a very moderate share, considering the extent of its operations. The loss, however, has been considerable in itself, and forms a large proportion of the total suffered during the year. Progress towards a sound condition of affairs is undoubtedly being made, but the rate is slower than was expected. The completion of the Canadian Pacific Railway is an event of the greatest importance to the future development of the whole North-West. The speedy suppression of the late outbreak may tend to bring the territory under the attention of European settlers, and so in the end promote its prosperity. The cessation of demand for money at call in New York has seriously affected the profits obtainable there; and it has been found necessary to withdraw funds from that point, and seek employment for them elsewhere. The possible disturbance of a gold basis in the United States has called for the exercise of much discretion with regard to operations connected therewith. The directors consider it necessary to keep this matter constantly before them. Measures have already been taken to protect the Bank in the event of gold advancing to a premium. It gives them pleasure to state that, notwithstanding the foregoing drawbacks, the business of the Bank has been well maintained, as will be seen by the accompanying Balance Sheet. A considerable number of new and satisfactory accounts have been opened during the year. The directors of the Bank have steadily kept in view the improvement and extension of the Bank's business. Their aim has been to build up a sound and profitable connection amongst the stable business men of the community. The outlook seems to be better than it was a year ago, though your directors would speak cautiously on this point, being aware that the consequences of a period of depression are apt to extend beyond the time when recovery has commenced. A return of prosperous years cannot, in their judgment, be immediately expected. The Bank, however, is in a position to take advantage of a change for the better when it transpires; and the stockholders may reasonably look forward in due time to a gradual and steady improvement. The Bank has acquired premises for its business in Owen Sound, the cost of which has been added to Bank Premises account. The various offices of the Bank have been duly inspected. The Directors call attention to the accompanying Balance Sheet. The Officers of the Bank have fulfilled their duties to the satisfaction of the Board.

The whole respectfully submitted.

ANDREW ALLAN, *President.*

MONTREAL, June 9, 1885.

GENERAL STATEMENT 30th May, 1885.

Liabilities.

Notes in circulation	\$2,896,974 00
Deposits bearing interest (including interest accrued to date) \$5,653,672 30	
Deposits not bearing interest.....	2,469,296 07
	<hr/> 8,122,968 37