was "one of the most successful years in the history of the port." But "The rapid growth of the country, the immense increase in her transportation needs, make it obligatory to proceed with the utmost despatch, in establishing terminal facilities at Montreal, which will not only retain Canadian trade for Canadian sea ports, but which will offer a competitive trade route available for a large portion of exports and imports of the Western States." Happily arrangements are now in a forward stage for the construction in the port of a dry-dock for the repair of ships, by Messrs. Vickers Son & Maxim, and while this will mark an extremely important advance in the port's development, Major G. W. Stephens, the able President of the Harbour Commissioners, and his colleagues, Mr. L. E. Geoffrion and Mr. C. C. Ballantyne will, doubtless, go forward from this yet further with the policy of progress and expansion which they have marked out.

A LARGE EARNING POWER.

The publication by the Financier of the earnings and dividends of the New York city banking institutions for the year ended March, 1910, calls attention afresh to the great disparity between the best of these results and the results achieved by the most prosperous of the Canadian chartered banks. Since the Chemical National distributed a large part of its surplus among its depositors in the form of new stock, the Fifth Avenue Bank has enjoyed an undisputed pre-eminence in the matters of percentage of earnings upon capital and market value of capital stock. This bank appears in the list as earning 267 per cent. on its capital stock during the year, and for its $100 shares the asked price is given as $4,500, the bid price $4,200. The explanation of these wonderful figures is found in part through examining the capital and surplus accounts. Capital is $100,000, surplus $2,207,400. So that if the profits be taken in relation to the capital and surplus combined, which represent the total investment of the stockholders in the business, the percentage for the year is about 11½. Among the more important Canadian banks the Commerce earned 9.44 p.c. on its combined capital and rest; the Royal earned 8.32; the Merchants 8.31.

Then there is one bank—New York County Bank—the earnings of which are given as 121 p.c. on the capital of $500,000. As the surplus is $1,643,700 this figures out over 28 p.c. on capital and surplus, which is far above anything that can be shown in the Dominion. Another bank earned 80 p.c. on a capital of $1,500,000; four others earned more than 50 p.c. on their capital; four more earned more than 40 p.c. and so on.

One of the most remarkable features of the exhibit is the large proportion of banks having surplus in excess of capital. There are 75 banks on the list; and of the total no less than 45 have a surplus greater than capital. Eight or ten of them have surplus more than three times as large as capital. In the Canadian list eleven, or one-third of the whole, have reserve equal to or greater than capital and not one has reserve equal to twice the capital. The Bank of Nova Scotia and the Bank of New Brunswick are not far from that level—the former has a reserve 183 p.c. of its capital and the latter 178 p.c.

It is not the smaller capitalized banks alone in New York that show heavy surpluses in relation to capital. Thus the First National has capital $10,000,000, surplus $20,302,400; the Hanover has capital $3,000,000, surplus $11,581,100; the National Park, capital $3,000,000, surplus $10,290,-400; the Chemical, capital $3,000,000, surplus $6,295,200; the Bank of America, capital $1,500,-000, surplus $5,931,100.

In so far as the large surpluses make possible a large rate of earnings upon capital it is to be observed that the surplus can only be accumulated through reservation of the profits belonging to the stockholders, through selling them new stock at a high premium, or through a mixture of both methods. In some cases United States banks have accumulated large surpluses through witholding profits for a number of years—paying small dividends or no dividends at all and crediting most of the profits to surplus account. Then, when the surplus has grown to three or four times the capital, fancy dividends are inaugurated. When this is done the stockholders should take account of the profits they might have made individually on the dividends they would have received in the several years had another policy been followed.

However, when all is said on the points referred to above, the fact remains that the New York bankers make larger profits on their stockholders' funds than the Canadian banks are able to show. For one reason they have better opportunities. They are domiciled at the spot where the financial business of the whole North American continent converges. Also they embark in enterprises connected with the security markets which yield large commissions, but which the Canadian banks, being primarily commercial banks, do not consider themselves at liberty to take up. For example, some of the large New York banks are understood to operate heavily in stocks. They may not do so directly, under their own names, but the practice is for them to organize trust companies. A bank wishing to undertake business of this kind may organize a trust company—the bank contributing all the capital stock of the trust company and, therefore, being entitled to all its profits. The trust company may buy and sell in the market and engineer bull compaigns or bear campaigns, and if they are successful the bank owning its stock draws heavy dividends upon it. This business is not regarded by our Canadian banks as suitable or desirable for them. They confine themselves mainly to discounting bills for Canadian merchants, farmers and business men. Then THE CHRONICLE has pointed out on previous occasions that the banks in Canada on the whole give better service to the public than the United States banks with their single offices can give. The maintenance of numerous branches in small places, where the business it light, helps to swell the expense of conducting banking operations in the Dominion. But of course, the inhabitants of those places benefit immensely through the service extended.

THE DIRECTORS OF THE MEXICAN TRAMWAYS Company have raised the dividend from 6 to 7 per cent., the first quarterly payment at the new rate being declared payable on August 1.