

ensue; but the very project indicates such an absence of the prudence and caution which ought to characterize bankers, that there would be the greatest danger of such a powerful weapon of credit being misused. In plain terms, the project together with the erection of a magnificent bank building, is too much of the spread-eagle kind, and is really calculated to destroy confidence in the judgment of any board that attempts to carry it out.

It appears that a large section of the stockholders are dissatisfied with the management, and a requisition has been got up, signed principally by shareholders in Montreal and Toronto, calling a special meeting under the 29th section of the banking Act. The purposes for which the meeting is called are significant. The first is to prevent more capital being called up, which clearly indicates want of confidence in the directorate; the second, to arrange for amalgamation with some other bank, or the sale of its assets—a stronger measure still; lastly, to have a special committee appointed to co-operate with the Board in carrying into effect any measures the meeting may adopt. If the Board can work harmoniously with such a committee they will show themselves gifted with extraordinary meekness. Somebody, however, will no doubt whisper the word "resign." The calling of this meeting is a very strong measure, and the power to do it was only conferred by the Legislature to be used on extraordinary occasions. The shareholders who have signed the requisition are the best judges whether the occasion requires it. They are a highly respectable body, many of them being bankers; and the event will show whether they had good reason for their action or not.

#### BANK DIVIDENDS AND RESTS.

In another column we print a letter from a banker criticising the statements of the Merchants Bank and the Union Bank, and expressing the opinion that neither of those banks should have paid any dividend during the past year. We cannot say that we agree with this opinion. If, indeed, the banks named had no reserve of undivided profits, it would clearly have been the duty of the directors to refrain from declaring a dividend. But they had a considerable amount of reserved funds, and the question is whether the best use to make of them was not to draw on them as they did.

The principal object of accumulating such a fund is to enable the losses of exceptionally bad years to be charged against it, so that there may still be more or

less of a dividend. Considering that many stockholders require their dividends to enable them to live, it is obviously undesirable that there should be any stoppage of an important element of income. If, after profits have been kept back to form a reserve fund, these profits are still retained, while no dividend is made to stockholders, they would have reasonable ground of complaint. They might say—if we are to get no dividend at all in a bad year, we certainly have a right to receive the whole profits of a good one. But if you keep back some of the profits of a good year, why not use those profits to make up the losses of a bad one? It is difficult to evade the force of this reasoning. The profits undoubtedly belong to the stockholders; the only point is about their wise division; and while experience strongly points in the direction of a moderate dividend until a large Rest has been accumulated, reason points with equal strength to the desirableness of drawing on that fund when the disasters of any particular year have swept away the profit.

Of course, the capital must never be drawn on under any circumstance, and when the Rest of a bank is only small, and to draw upon it might endanger even the capital, it is then better to err on the safe side, and leave the reserve untouched even if it involves the passing by of a dividend.

THE LONDON TIMES AND THE NORTH SHORE R'Y.—A cable despatch to a contemporary states that the London *Times* has condemned the scheme for floating the bonds of the North Shore Railway because the road "is directly opposed to almost all existing railway interests in Canada." An attempt to float these bonds on the London market last year having failed, the Quebec Government undertook to guarantee them when the construction of that road became a part of the Provincial policy. There can be no doubt that it is the eastern portion of the Grand Trunk which the *Times* is particularly anxious to guard. This is clearly what is intended by the remark of the North Shore being a rival to railway interests in Canada. But in defending the Grand Trunk the leading English journal is scarcely just to the Province of Quebec. The credit of the Government stands high, and in assuming such a burden as the completion of the North Shore it in fact undertook to carry out the enterprise with its own money. The scheme is no longer a private one, nor does the security for repayment of the money that may be obtained on the bonds rest on a doubtful basis. The *Times* does not seem to recognize the Provincial

guarantee as secure. "Whether the Province," it says, "guarantees the loan or not makes no difference in the facts. There is no disposition here at present to lend money for further railway building in the Dominion." Such an argument brought forward in the interests of the Grand Trunk is most unfair to the interests of Quebec. The people of that Province have schemes to carry out irrespective of dissatisfied English bondholders. And, without discussing the wisdom of the Province in assuming the completion of the North Shore, we are certain the *Times* has done wrong to the Government of Quebec in questioning its credit. The standing of Canada in the money market ought to have prevented any such remarks. But then, the *Times*, as a monetary organ, does not speak for the whole public but for a small section of it.

—Latest advices confirm the report of a few days back that the sugar crop showed a shortage this season of 70,000 tons. This explains to some extent the advancing tendency of the market, and so far as can be known at present, prices may be expected to keep up. Some heavy purchases have been made within the past few days by cable and in New York. The markets both at home and abroad are excited and the movements of all kinds have been the largest known for a long time.

—From 1st January to 1st July, 1876, 163 ships of 109,879 tons have cleared from the port of St. John for Great Britain, carrying ninety million feet of deals besides large quantities of other wood goods. Last year the number of ships was 97 with a measurement of 60,967 tons and carrying 49,000,000 feet of deals. The shipments for June were by 59 vessels carrying 33,742,144 feet. The increase is about 80 per cent in favor of this year.

—The shareholders of the Provincial Building Society of Halifax, held a meeting on Tuesday to consider measures for winding it up and realising the capital. This Society fell into bad hands some years ago and never recovered. Its former Secretary left it under a cloud and its more recent management has been very slow. It is not expected to return more than 75 cents on the dollar.

—Mr. C. S. Ross, for years the Cashier of the Commercial Bank of Canada and of late Assistant Receiver general in Toronto, died here on Saturday morning last in his sixtieth year.

—It is stated that the second mortgage bondholders of the European and North American Railroad are inaugurating a movement to make a foreclosure of the road.