

European Assurance Society,

Established.....A. D. 1849.

Incorporated.....A. D. 1854.

EMPOWERED by British and Canadian Parliaments for**LIFE ASSURANCE,**Annuities, Endowments,
and**FIDELITY GUARANTEE.**

Capital £1,000,000 Sterling.

Annual Income, over £330,000 Sterling.

THE ROYAL NAVAL AND MILITARY LIFE

Department is under the Special Patronage of

Her Most Gracious Majesty

THE QUEEN.

The EUROPEAN is one of the largest LIFE ASSURANCE Societies, (independent of its Guarantee Branch,) in Great Britain. It has paid over Two Millions Sterling, in Claims and Bonuses, to representatives of Policy Holders.

HEAD OFFICE IN CANADA:

71 GREAT ST. JAMES STREET, MONTREAL.

DIRECTORS IN CANADA:

(All of whom are fully qualified Shareholders.)

HENRY THOMAS, Esq., WILLIAM WORKMAN, Esq.,
HUGH ALLAN, Esq., FRANCOIS LECLAIRE, Esq.,
C. J. BRYDGES, Esq., The Hon. CHAS. ALLEYN.

Manager for Canada,

EDWARD RAWLINGS.

Agent in Toronto,

W. T. MASON,

15-1yr

ONTARIO HALL.

**Berkshire Life Insurance Co.
OF MASSACHUSETTS.****MONTREAL OFFICE:**

6 GREAT ST. JAMES STREET.

INCORPORATED 1851.—SECURED BY LAW.

AMOUNT INSURED \$7,000,000.

CASH ASSETS .. ONE MILLION DOLLARS.

\$100,000 deposited with the Receiver General for the protection of Policy holders.

ANNUAL INCOME.....\$500,000.

\$100,000 divided this year in cash amongst its Policy holders.

Montreal Board of Referees:—Hon. Geo. E. Cartier, Minister of Militia; Wm. Workman, Esq., President City Bank; Hon. J. O. Bureau, M.C.S.; E. Hudon, Fils & Co.; John Torrance, Esq., Merchant; James Ferrier, Jr., Esq., Merchant; Edward Carter, Esq., Q.C., M.L.A.; C. D. Proctor, Esq., Merchant.

Examining Physicians:—J. Emery Coderre, M.D., Professor of Materia Medica, &c., &c., of the School of Medicine and Surgery, Montreal, and of the Faculty of Medicine of the University of Victoria College; William Wood Squire, A.M., M.D., Graduate of McGill College; Francis W. Campbell, M.D., L.R.C.P., London.

For a sufficient test of merit we beg to state since the commencement of this old and reliable company in Canada, we have had the pleasure of insuring members of Parliament, some of the leading legal talent, and amongst numerous others, several of the leading merchants in this city.

This Company was the Pioneer Company of the non-forfeiture principle, and still takes the lead for every Policy it issues is non-forfeitable after one payment. The Company is now erecting a new stone building, five stories in height, at the cost of \$100,000, similar to the Molson's Bank of this city, but of much larger capacity, having 75 feet front, and 116 feet depth, containing three Banks, some Express Offices, and the Post-Office, yielding about \$3000 income, annually, all of which is the accumulating property of every Policy-holder.

The Company has issued nearly 2,000 Policies since the 1st January, 1867, which is the largest number, in comparison to the expenses, of any Company in Europe or America.

Such are the Results of the Cash System.

Full particulars, history of the Company, Rates, &c., can be obtained at the Managing Office for the Canadas.

EDW. R. TAYLOR & Co.,

20 Great St. James St. (over Pickup's News Office).

The Canadian Monetary Times may be had at any of the News Depots of the Dominion at 5 cents per copy. Orders for quantities to be addressed to A. S. Irving, Bookseller, Toronto.

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The Canadian Monetary Times.

THURSDAY, MAY 21, 1868.

GRAND TRUNK RAILWAY.

Two weeks ago we gave the Report of the Directors for the last half year, and this week we devote as much of our space as can be spared to a summary of the proceedings at the late meeting. That meeting was long and stormy. Dissatisfaction among the Shareholders seems to be widespread and deep-seated. The motion for the adoption of the report was stoutly resisted, and finally left to the result of a poll; and it was by a narrow majority and on the promise of more satisfactory reports in future from the management in Canada that the present incumbents were allowed to retain their offices. Promises and alluring prophecies have spent their force, and the proprietors of the Company seem at length resolved to have a change of management, and, we hope, a change of system. Now that a crisis has arrived, we shall await the result with much interest.

The meeting was entirely harmonious on one point. All agreed that the Canadian Government ought to come to the aid of the enterprise either with a three per cent guarantee or with a grant of lands. And because some disinclination has been shown to open wide the hand of charity to this pauperized corporation, we are scolded and reproached as ungenerous and unappreciative. But there is a want of logic in all this. If the management is so bad that "it must be remodelled," is it advisable for the people of Canada to place their resources at the disposal of that management—of those servants of the Company whom their own employers denounce as incapable and extravagant? If they have wasted and are still wasting the Company's funds, would they not squander ours also? Before asking us to confide the expenditure of large sums of money to these Directors, those dissatisfied Shareholders should be able to give them better certificates of character and ability. If the management is bad, and the proprietors say it is very bad, then we have no more money to lavish on the undertaking until the whole is remodelled.

All things considered, Canada has been greatly benefited by the Grand Trunk. That we appreciate that benefit is, we think, shown by the gift of fifteen or sixteen millions of dollars in aid of it. The unsatis-

factory condition of its affairs from the beginning has greatly curtailed its usefulness and brought ruin to its proprietors. There is something radically wrong, and we are not sorry that an effort is being made to get at the root of the difficulty; and this we think will be found to be chiefly in the adoption of a wrong system rather than in any want of faithfulness or capacity in the Company's servants. Still, the whole question as to what measures should be adopted lies open and demands investigation, and we shall endeavour to devote some space to it in future articles.

BANK RESERVES AND THE PROVINCIAL NOTE ACT.

The original capital of a bank consists of the money paid in by shareholders for carrying on the bank's business, the profits on which go in payment of dividends on that capital stock. The bank notes which the bank can keep a float in the hands of the general public, together with the moneys deposited by the public, are equal to so much additional working capital placed in the bank's hands. But as this circulation and these deposits are re-payable in specie on demand, it is necessary to hold a certain proportion of this additional capital available either in specie or in that which can at any moment be turned into specie. The surplus, however, after holding the necessary reserve, is used by the bank in discounting bills on which, of course, it charges interest. It will be seen, therefore, that while it would endanger the very existence of the banks to hold too small a reserve in specie, it becomes of paramount importance to its profits to hold as small a sum as possible in this unprofitable shape.

As a general state of prosperity increases the volume of circulation and deposits, it is quite clear that while this effect is being produced a comparatively small reserve of specie is necessary. There is not likely to be any demand for it. But, when a general stagnation of trade sets in, or when the public confidence in any of the banks is being destroyed, it becomes at once necessary to contract or diminish the discounts for the purpose of providing gold to meet the demand certain to arise from a decreasing circulation and decreasing deposits, unless the bank already holds sufficient specie in its vaults to meet all probable demands, or unless it has sufficient funds in the hands of other banks which it can convert into specie, to be applied to a like purpose. We repeat, then, a bank's liabilities to the general public consist of these two things:

- 1st. The bank notes in circulation.
- 2nd. The debts due by the bank to depositors; and its assets available for payment of these when payment is demanded are—
- 1st. Specie in its vaults.
- 2nd. Balances due by foreign bankers.
- 3rd. Notes and cheques on each other.
- 4th. Bills discounted.