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OF CANADA.)

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The Canadian Monetary Times.

THURSDAY, MAY 6, 1869.

THE ROYAL CANADIAN BANK.

The evil of placing a mere speculator on a Board of Bank Directors was never more fully illustrated than in the case of the Hon. Donald McDonald, whose "private and confidential" circulars to the stockholders of the Royal Canadian Bank have provoked rejoinders equally "private and confidential" from Mr. A. M. Smith, the late President, and from the Directors themselves. By some means these "private and confidential" circulars have found their way into the newspapers, and the public have been regaled with their perusal. Mr. McDonald is a Senator, and availing himself of his privileges as such, put the country to the expense of circulating his circularized grievances. We deem this postage-saving operation of Mr. McDonald's worthy of notice, in connection with his attempt to win the sympathy and assistance of his fellow shareholders in the Royal Canadian, by his seemingly patriotic effort to ren-

der them a service. The record of a public benefactor should be stainless, if he wish to command attention and gratitude: so this simple evasion of postage is sufficient to throw doubt on Mr. McDonald's sincerity. But when we find that his alleged facts sink into airy nothings before contradiction and disproof, we begin to doubt his honesty. When we find still further, that this would-be reformer of abuses threatened his fellow directors with dreadful revelations, in case they refused to grant him what the directors call "a personal advantage," and promised that "his lips would be sealed" if his proposals were acquiesced in, we cannot help concluding that this Senator is the compeer of the sender of threatening letters, and that his words are wholly unworthy of credence. A step further brings us face to face with a piece of impudence so brazen and cool, that we are lost in amazement at the audacity of the man who could have perpetrated it. According to Mr. A. M. Smith, a gentleman whose veracity none would dare to question, the Hon. Donald McDonald applied to the President and Cashier of the Royal Canadian Bank, on 29th January last, for a loan of nearly one-tenth of the paid up capital of the bank. Verily, Senator McDonald is a nice man to have on a bank Board! If Mr. Smith's statement is true, it is high time that an extraordinary meeting of shareholders were held, and such proceedings taken as would ensure Mr. McDonald's expulsion from the Board. Even supposing that Mr. McDonald were not a director, not a speculator, and were good for any amount, we all know that large loans have been the ruin of such of our banks as have failed, and that the managers of our banks must and should avoid them. Mr. McDonald quarrels with the bank management, but he would have had the directors do what every bank manager, aye, every bank clerk here, knows to be the worst possible thing for a bank with limited means. He condemns Mr. Smith for assisting Mr. Brown in his gold speculations in New York, yet he would have forced the bank to lend himself a large amount, to enable him to engage in dangerous enterprises in the States!

The shareholders of the Royal Canadian have, of course, by this time been placed in possession of the charges and the replies. If there is one lesson more important than another to be learned from their perusal, it is that the election of a man such as Mr. McDonald would appear, from the evidence, to be,—one whose speculations are incessant, leading to a constant demand for large sums of money—one who is always tempted to make use of his position to his own advantage pecuniarily—one whose associations are with either the needy or the speculator—is fraught with the

greatest danger to their interests. If they believe that the statements of Mr. Smith and the directors are correct, it is a duty they owe to themselves, to the other banks, and to the public, to free the Board of his presence. Such an one must shake confidence in the management, for if one director could obtain by way of loan, one-tenth of the bank's capital, what reason would there be against assuming that the other directors could not secure the remaining nine-tenths. A Board of Bank Directors should be individually and collectively above suspicion, and when one is found recreant to his trust, a public example should be made of him. Now or never. If what Mr. Smith and the Directors say is true, Mr. McDonald is not fit to be trusted on the Board; on the other hand, if Mr. McDonald's assertions are true, the whole management should be changed. It has come to this that a choice must be made or public confidence will be lost to the institution. We are glad, for the sake of the Royal Canadian, that the worst is now known, and it will be for the Shareholders, by prompt action, to convince the public that a Director cannot remain as their trustee and act the part which Mr. Senator McDonald has been so directly charged with.

THE CANADIAN CANALS.

I.

We see by the journals, that proceedings have been taken in Parliament, with regard to the Ottawa navigation scheme. It may briefly be stated that those who are interested in this project, or we may say who advocate its necessity, have petitioned the Dominion Government for aid. An issue is therefore raised, and we are very glad of it. It is in every way desirable that such should be the case; and there can now be no means of evading the decision, whether the St. Lawrence is to be the line of communication or not; and whether the St. Lawrence route shall be developed to its full capacity.

No one could blame us if we assumed the standing point of arguing from local considerations. We could say—look to the results of Confederation. In Eastern Canada a line of railway is placed under contract, to cost a very large sum of money,—we will not be precise, but some millions of dollars—the creation of which is not demanded by a solitary commercial necessity. Even the political uses are not self-apparent; for, from all we can learn, in summer, the travel incident to parliament will, in Nova Scotia, turn to Halifax, and pass by boat to Portland or Boston, and thence follow the nearest railway route to Ottawa. While, in New Brunswick, the movement will turn to St. John, or by the Maine railway connections with the Grand