

ulation is nothing; its deposits are only \$14,000, and it has the magnificent sum of \$40 in specie and legal tenders in its vaults.

2. The Bank has got \$156,000 of capital paid-up. But, though it has no circulation, and but a fragment of deposits, it has already put out the whole of its capital in discounting notes, and out of the interest thereon it is to be presumed that the dividend is paid. Query, how many of these notes have been paid? and at what rate have they been discounted to enable the Directors to divide 7 per cent., after paying expenses? Further, how much of the dividend ought really to be retained as a rebate on notes not yet due? and how much of the preliminary expenses have been paid? Have even officers' salaries been paid? or rent? or taxes? or the cost of books? In a word, has the bank realized even a solitary dollar of profit so far? We ask these questions in the interest of the public, who will soon be called on, if they are not already, to accept the promissory notes of this bank as money.

We ought to ask another question. Even if all the above queries can be answered satisfactory, how much has been laid by as a reserve? The banks, it is well known, when their charters were under discussion, stated that their reserve funds were a guarantee to the public. New banks are bound, therefore, to commence at once, and form such a reserve. Query: has this been done?

Finally, we ask the Directors whether, in declaring this early dividend, they have not violated the 10th clause of the Banking Act, which declares that no dividend shall be paid so as to impair the paid-up capital? This is a matter which concerns both the public and the stockholders. It is a pleasant thing, doubtless, to receive a dividend so early; but, after all, a dividend either wholly or partially paid out of capital (if this be so), is one of those pleasant things *that are too good to last*. We recommend the Directors to read the above clause, for it makes them personally liable if its provisions have been violated.

**MARINE RATES.**—An important conference respecting inland marine rates has just been held. Since the opening of spring, Canadian companies have been writing on cargoes from Chicago to Montreal, at a reduction on the scale of rates fixed by the National Association of the United States last winter; in other words, they have adopted the tariff of the spring of 1873, which was lower than that now in force. In consequence, a general tumble in rates was imminent. It is not difficult to foresee that had the spirit of competition been once set loose, where the companies get \$1.25 to \$1.50 now,

they would have to accept perhaps 50c. Accordingly, a deputation from the National Board, consisting of Mr. Wm. Lecony, of the Pacific Mutual, of New York, and Capt. Dorr, of Buffalo, waited upon the managers of our local companies, arriving in Toronto on the 1st instant. A meeting was held in the office of the British America Assurance Company, at which it was proposed on the part of the United States Companies, that the Canadian Companies should adopt the National Association rates from U. S. ports to Canadian or United States ports, leaving our companies entirely untrammelled as to rates on purely Canadian business. The meeting was then adjourned to Montreal, whither the delegates went, accompanied by five gentlemen connected with local officers. The result arrived at, after much discussion, was to adopt an International tariff, corresponding with the tariff under which the United States companies are working. This will probably be followed by the formation of an International Association, composed of the marine companies on both sides of the lines.

**ROYAL CANADIAN INSURANCE COMPANY.**—From some inexplicable motive, a Committee of the House of Commons, in amending the charter of this Company in order to authorize the transaction of business and the deposit of money in the United States, attempted to withhold the power to issue marine insurance policies. Some member gave as a reason that it was not desirable to combine fire and marine business. While there is much to be said against different classes of business being undertaken by an insurance Company, the objection was, in this case, far-fetched and quite absurd. So long as such a company as the Citizens, with only \$10,000 of paid-up capital, is authorized to transact not two, but four kinds of insurance business, it seems unreasonable to attempt to deprive the Royal Canadian of the power to issue marine policies. There is a degree of hardship involved in the proposal, since the Company have already entered somewhat extensively into this branch of insurance, and, as the managers supposed, under the powers contained in their charter.

**HAMILTON AND NORTHWESTERN RAILWAY.**—At the annual meeting held in Hamilton, May 5th, the following gentlemen were elected Directors: Messrs. John Stuart, M. P.; Anthony Copp, Jas. Turner, P. W. Dayfoot, John Field, Thomas Saunders, Matthew Leggatt, and William Hendrie. At a subsequent meeting of the Directors, Mr. John Stuart, M. P., was elected President and Mr. Anthony Copp Vice-President.

**A NEW LOAN.**—Resolutions were introduced by the Minister of Finance on Tuesday night last, proposing to raise on the credit of the Dominion a loan of £8,000,000 stg. A portion not exceeding £3,600,000 will have the Imperial guarantee, which, as in the case of the Intercolonial loan, will have the effect of giving a standing in the market to the remaining portion

almost equal to that bearing the guarantee. The money is to be devoted to enlarging the Canals and constructing the Pacific Railway.

—Hon. L. H. Holton has introduced a Bill to amend the Insurance Act (31 vic. cap. 48) as follows: Section four of the said Act, is here by amended, by repealing the words following, to wit: "Guarantee or Accident Insurance Company, a sum of not less than fifty thousand dollars,"—and substituting therefor the words following:—"or Guarantee Company, a sum of not less than fifty thousand dollars; and by every Accident Insurance Company, a sum of not less than twenty thousand dollars."

—An act has been passed by the House of Commons giving the British America Assurance Company the powers asked for as to the deposit of money and the transaction of business in the United States.

—The Governor of the State of New York on the 6th inst., affixed his signature to the Bill authorizing Canadian companies to deposit money and transact business in that State.

—Mr. Jno. Paton lately first agent of the Bank of British North America in New York, has become a member of the new banking firm of M. K. Jesup Paton & Co., of that city. Mr. Paton is well and favorably known in Canada.

## Correspondence.

### A REMEDY FOR THE ABUSE OF CREDIT.

*To the Editor of the Monetary Times.*

SIR: I have read with approval the many vigorous articles in your paper in condemnation of the Credit system so general in the retail trade of this country.

A recent correspondent has well pointed out that one interest after another has discarded the objectionable practice until the entire burden of this commercial monstrosity now rests on the two branches of the distributing trade.

Credit of any kind, from the huge transactions of the banks to the petty accommodation afforded by the retailer to his bucolic customer is an anomaly in commerce and altogether at variance with well understood economic principles. Its influence on commerce is very similar to that of alcohol on the human system, forcing every department affected by it into unhealthy activity to be as certainly followed by the same abnormal results and the same reactionary prostration; and in proportion to the extent to which the commerce of a country partakes of this uncertain element will be its susceptibility to foreign and internal disturbances.

That our trade, if exclusively cash, would undergo a heavy temporary shrinkage is unquestionable, but as it is not the volume of a nation's trade but its net results that determine its value, I make no doubt that even in its first application, the cash system would result advantageously, while, that it would speedily recover its former dimensions, and at the same time develop a vigor and vitality absolutely impossible under present circumstances, is equally certain.

That legislation cannot control credit or reduce it to an equitable basis, need scarcely be