

A similar Act was passed by the Parliament of Upper Canada on the 3rd of June, 1796.

The measure proved, in practice, says Mr. Stevenson, completely successful, assisting, as it did, to overcome the inconvenience of the scarcity of specie and the prevalence of barter or store-pay. The bills circulated freely among merchants: the \$4 ones were re-issued, but not those of the larger denominations. We shall not further attempt to outline the interesting story, as it proceeds to describe the second issue of army bills in 1813, and the rejection of a third by the Upper House. The author tells us that "The expenses connected with the war were so great that it is difficult to conceive how it could have been carried on without the operation of the Army Bill Act. We are, I believe, as much indebted to the authors of that measure for the preservation of our connection with the British Empire, as we are to the valor of our soldiers and sailors in repelling a cruel and unwarrantable invasion."

The salient military incidents of the war are touched upon and the financial relation of the colony with other countries indicated with a firm and by no means tedious hand. Glimpses are delightfully given, too—as on pp. 35 and 36—of social and commercial affairs. The narrative bears the stamp of historical accuracy, even if we did not know the painstaking and conscientious habit of its author. Mr. Stevenson has rendered a real service in adding to his previous papers on the history of Canadian currency this valuable little book upon the Army Bill Act of 1812.

THE ENGLISH BUILDING SOCIETIES.

In the *Economist*, of the 17th inst., we find an account of the trouble which overtook the Birkbeck bank, the most important of the English Building Societies which have recently met with difficulty and disaster. By selling £1,000,000 of its consols the company was equal to all the demands made by depositors. At this point the run ceased, the readiness with which the demands were met having restored confidence. The bank might have been called upon for no less than £5,675,030 on demand. In March last it held in cash only £258,000, but it had besides a large amount of securities which are generally, but not always, readily saleable, including £1,633,000 in consols and other British Government securities, £603,000 Indian stocks, £796,000 colonial inscribed stocks and bonds, besides "a mass of other first class Stock Exchange Securities," not specified.

The *Economist* is of opinion that "if the run on the bank had happened at a time of great monetary pressure, or at a moment of general panic, it would not have been at all so easy to convert its securities into cash, and any difficulty of that kind would, in all likelihood, have proved fatal." That journal thinks that the lesson taught is that the operations of the bank should be separated from those of the building society, and that its cash reserve should bear a larger proportion to its liabilities. Most of its liabilities were of a kind easily convertible, in ordinary times, but it must be borne in mind that it is necessary to provide for extraordinary occasions; of its £5,979,000 of assets, only about £870,000 was locked up in real estate. The *Economist* says:

"The Birkbeck Bank is an exceptionally favorable specimen of a class of institutions which, in the public interest, it would be well to have subjected to stricter control than is at present exercised over them. Its banking business is an outgrowth from its business as a building society, and as a rule, the building societies that attempt to act as bankers as well unfit themselves for adequately fulfilling either function.

They receive money on deposit, which they undertake to repay on demand, and on which they allow considerably higher rates of interest than can be obtained from any sound ordinary bank. These deposits they employ in making advances upon property, and it is essential that they should be fully employed in this way if enough is to be earned to leave a profit after the interest charges are met. Thus, while they may be called upon at any moment to repay a considerable portion of the money with which they are trading, that money is fixed in such a way that it cannot be realized when wanted. Whenever, therefore, there is any failure of confidence, and any body of depositors seek to withdraw their money, the so-called bank is compelled to close its doors. Its assets may possibly be sufficient to cover its liabilities, but they are not liquid assets. Some considerable time must necessarily elapse before they can be realized, and at best such forced realization must involve a considerable loss. Thus all connected with the institution must suffer; those who deal with it as a bank because of the lock-up of their money, and those connected with it as a building society because of the loss resulting from a compulsory sale of such assets as are realizable."

The collapse of so many of these companies will no doubt lead to an alteration in the law, in the direction suggested by the *Economist*.

THE CHOLERA AND THE PAPER TRADE.

It is not surprising that the stringent measures taken to prevent the spread of cholera on this side the Atlantic has been the means of increasing the price of more than one imported article. The effect for instance upon the manufacture of fine writing and book papers in the United States has been of no uncertain kind, as would appear from the facts disclosed at a meeting held in New York last week. Previous to this meeting the makers of fine writing papers had decided to shut down their mills for a month, two weeks in October and two weeks in November, because of the scarcity of rags. The price of their product was at once advanced about 2 cents a pound. At the New York conference it was explained that the landing of linen rags from Russia, Germany, Italy, and Japan has been prohibited. Supplies being thus completely cut off, values of such stock, as well as that of a domestic nature, had increased from 75 to 100 per cent. It was also stated that imported sulphite fibre had gone up from \$5 to \$8 per ton, with a further increase probable, and that domestic soda pulp had advanced in sympathy. One reason for this is found in the fact that bleaching powder, the manufacture of which is controlled by an English trust, had increased in price from 2 to 6 cents per pound, and contracts for next year can not be made except at an advance of 50 per cent. The feeling of the meeting was unanimous that quotations of book paper must advance rapidly, and that the mills might, through lack of raw material, be forced to run on short time. So much American wood pulp entering into the manufacture of news print, this brand would not be affected to the same extent; but as large quantities of sulphite and lower grades of domestic rags and cottonwaste were used, even it cannot, it is claimed, maintain current prices, and an advance must result. It was not thought wise to fix prices, but all were agreed that manufacturing could not go on as at present without great loss. It is likely that another meeting will be called shortly.

Canadian manufacturers of paper are fortunately stocked with rags sufficiently far ahead to keep them going until the embargo is removed. It is not their intention, there-

fore, to make any increase in price until compelled to do so.

THE FIRE BUG.

In speaking of incendiarism, an evil which is said to be rampant throughout the United States, the *New York Bulletin* says that as a rule local authorities take no interest whatever in ferreting out the fire bug, and frequently are too lazy or inefficient to take proper action when the underwriters have procured the necessary evidence.

Too often business men will suppose that because the burned property was insured the loss falls upon some insurance company, and therefore is not a matter of public concern. This idea, though popular, is utterly erroneous, and it is the opinion of the *Bulletin* that if incendiary losses were paid out of the capital of the companies those corporations would disappear in a chaos of bankruptcy. If property owners generally would force local authorities to do their duty as regards prompt prosecution of incendiaries they would considerably abate the cost of their own insurance. Incendiary losses are necessarily provided for when making rates, and our contemporary asks why should they not, and goes on to say:

"The individual who secretly admires his neighbor, whose old but well insured stock has just been destroyed by an 'accidental' but astonishingly timely fire, should think again and consider that a thousand insurers are contributing to that loss. A thorough appreciation of this fact would beneficially stimulate public sentiment upon the question of incendiarism."

The losses from defective electrical equipments and incendiary fires probably form over one-third of the aggregate fire loss of the country. The electrical losses when due to defective equipments should, the *Bulletin* thinks, be saddled upon the electrical corporation responsible for the poor work. It is a question whether it would not pay the fire underwriters to take more active steps to educate the public as to the drain these incendiary fires are upon national welfare.

In some communities where the authorities and citizens are apathetic upon this point, the journal quoted advises an increase in rates pending a business-like endeavor to suppress the evil, and the reason for such advance plainly stated in a pink slip attached to each policy. Such a step would, it is thought, cause quite an awakening. It is said to have proved very effective in towns where niggardly officials have refused to remedy defective water supply.

A NEW YORK OPINION.

In his letter of Sept. 24th, Henry Clews, the New York banker, writes as under:—

"Our advices from high sources in London give considerable credulity to the report recently put forth by the agent of the Associated Press in the British Metropolis that it is very doubtful whether the Conference will ever assemble. Premier Gladstone, there seems to be no doubt, is inflexibly opposed to any representative of England taking part in any discussion that contemplated 'a change in the monetary standard of Great Britain.' This phrase may seem somewhat vague, and may leave a great deal to conjecture as to what that country would refuse to accept; but it may be taken as a rule of interpretation ordinarily applicable to Mr. Gladstone's utterances, that when he is most vague he means most." * * *