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THE CITY AND DISTRICT SAVINGS BANK.

A financial storm of the first magnitude, locally speaking, burst on the entire community of Montreal, social as well as mercantile, on Friday last, which day will be long and appropriately remembered as a thorough-bred Canadian Black Friday. The suspension, in rapid succession, of the Consolidated and Exchange Banks had created an undefined nervous apprehension in the minds of all. No man could honestly state his conviction that any bank in the city was perfectly secure. And when, on the morning of the 8th, the doors of the Banque Ville Marie were closed in the face of an excited crowd, the long pent-up thunder-clap fairly burst upon our devoted heads.

That Montreal has met with no irretrievable calamity, the tranquillity which now reigns (one week later) where all was unrest and commotion a few days ago, is a pretty fair indication. Had these failures taken place at the beginning instead of at the end (let us hope) of a lengthened period of unparalleled commercial depression, the moral, as well as the actual effect would have been disastrous in the extreme. As it is, a feeling is prevalent, though we will not positively aver that it is grounded on sound financial arguments, that trade will be purified and better times hastened by this sudden lopping-off of so many rotten branches from the tree of commerce.

We have but a few practical remarks to make, and we shall refer principally to the remarkable "run" on the excellent Savings institution whose name appears at the head of this article. And first let us remark that this run, with its attendant circumstances, constitutes, in our eyes, a more important and regrettable event than the downfall of the three chartered banks above mentioned.

The Consolidated and Ville Marie Banks, we do not hesitate to say, have been virtually insolvent for years, their published statements to the contrary notwithstanding. Their business has been speculative to the verge of criminality, and their entire management has tended deliberately to blind the shareholders and the public as to the true standing of their concerns. In short, they deserved to fail; and many of the shareholders (i.e., those of them who were directors) deserve to lose. But the wiping out of these excrescences, unfortunately, does not put an end to the evil they have created. The strongest and best managed of our banks have been forced to bear their share of the public odium, and to suffer, in reputation at least, as scapegoats of the miserable concerns which have so ignominiously disappeared. Notably the City and District Savings Bank was singled out by the unreasoning masses as the victim of a most determined and exhausting run. For this there was not in reality the shadow of an excuse. It is our painful duty to add that, not content with seeing the effects of the general panic on depositors in the City and District Savings Bank, some enemies of that institution took especial pains, the day and evening previous to the run, to fan the flame of suspicion and to ensure, as they hoped, the destruction of the bank. But these malignant gentry counted without their host, as about one million dollars in cash lay ready to hand, especially prepared for such an emergency; and before one-half of that sum had been paid out the run was nearly over, and deposits were once more actually pouring in. The tellers worked like slaves, and paid out on Friday the sum of \$418,000, mostly in small accounts. On Saturday morning another \$122,000 was called for and

paid, making a total of \$540,000. It should be understood that no loan was called in and no help asked by the City and District from beginning to end of the run. We sincerely trust that in future the public—who are notorious for jumping at irrational conclusions—will bear in mind that in a bank where no overdue notes are held and no bills discounted, and where the assets are known to be easily realizable, there can be no insecurity to deposits.

The City and District Savings Bank holds \$685,000 worth of municipal bonds, which, probably to-day, represent some \$70,000 more than the sum named. The subscribed capital is \$2,000,000. Many persons, doubtless, have not forgotten the old difficulty, connected with speculations, which gave this Savings Bank a troubled time some years ago. All that has long been completely got over. The Manager, Mr. Barbeau, a gentleman of twenty-five years' banking experience, has conclusively proved that his calculations are too firmly based to allow of his being caught in such a trap as was laid for him on this occasion, which we trust will be the last of a similar character. The Board of Directors is composed of a singularly irreproachable body of men, while the President, Mr. Edward Murphy, may, without any undue praise, be safely relied on as of scrupulous honour and the highest business skill.

These "runs" have a baneful effect on the community. To what extremes the unthinking may be led by their overwrought, nervous apprehensions, or by the malice of those whispering busybodies we mentioned, is well illustrated by the case of the poor woman, Paxton, who a day or two ago took a dose of Paris green and died, *because her money was in some Bank!* Those who closed their accounts lost all their interest upon the six months' accumulations; and it is by no means improbable that unless a speedy return of the funds withdrawn is made to this or some other savings bank, the earnings of many a poor man and woman will, in one way or another, be sadly eaten into whilst kept in no securer a place than the old stocking.

Lastly, has any good come out of all this unwarranted excitement and precipitate withdrawal of deposits? We believe, yes. One thing has certainly been demonstrated, and that is what bank may safely be relied upon by depositors. The painstaking manner in which the management of the City and District Savings Bank offered every facility for the return of the funds entrusted to it, presented a most striking contrast to the conduct of the Ville Marie men, who, seeing a gaping crowd, three parts of whom were loafers, around their doors, concluded that their doom was sealed and shut up shop instantaneously. Why didn't they do it years ago? Such a course would have been far more creditable than that of struggling along under false pretences, proclaiming dividends from a bankrupt estate. Dissimulation and fraud, however, appear to be the natural elements of a class of self-constituted financiers, of whom we earnestly hope we have now seen the last.

Much has been said and written about Government inspection of banks, and it is confidently asserted by some that such supervision, exercised by the means of professional accountants, will act as a salutary check on directorates in general. We have no faith in the proposed remedy for the existing state of things. What is wanted is for public opinion to operate a higher moral tone and far greater attention to the real duties of directors. If the latter are to be watched, and periodical reports made as to their doings and misdoings, few gentlemen will be found willing to take such unenviable positions. The financial machinery of the country is quite complicated enough without increasing the number of wheels employed to work the machine. Honesty should be ensured by moral suasion and not by force. Dishonesty should and must be so frowned down at once and for ever in the high official circles we are writing about, that a radical and satisfactory remedy for these unfortunate occurrences will immediately assert itself.

The atmosphere begins to clear. Do we not already see a streak of light gilding the horizon of the future?