

"period of the revolution of 1688, and the establishment of the Bank of Scotland, that country, partly owing to such a series of disasters as cannot be paralleled in the history of any other independent nation, and partly owing to its position on the very outskirts of the civilized world, and far removed from the humanizing influence of commerce, divided, in fact, into two nations, aliens in blood and language, was the most utterly barbarous, savage and lawless kingdom in Europe. And it is equally undeniable that the two great causes of her rapid rise in civilization and wealth have been her systems of national education and banking. Her system of banking has been of infinitely greater service to her than mines of gold and silver. Mines of the precious metals would probably have demoralized her people, but her banking system has tended immensely to call forth every manly virtue. In the character of her own people, in their steadiness, their integrity, their honour, Scotland has found wealth infinitely more beneficial to her than the mines of Mexico and Peru."

Now one of the main features of the Scotch banking system has been to attract deposits by the payment of interest, and Mr. Buchanan would not find it easy to convince a shrewd Scotch banker that the effect of deposits is to reduce the amount of circulation. On the contrary, the tendency must be to increase the circulation to the greatest extent that the requirements of the public demand. Beyond that, as we stated in our last issue, it is impossible to keep convertible notes in circulation. It is, however, worse than useless to argue this question with an avowed advocate of an unconvertible banknote currency. We fail entirely to comprehend the argument that Canadian farmers have to pay for all they purchase "the Canadian or currency price." We have not yet arrived at the model currency "belonging to the country and not to the world." Our imports are bought in a currency convertible into gold, and they are sold to the farmer in a currency equally convertible into gold, with the addition of freight, duties, and other charges. The exports are dealt with in precisely the same way. The most extraordinary passage in the letter under consideration is the statement that "students of financial and monetary history will find a precedent for this very proposal in the 500 years successful operation of the BANK OF VENICE." Mr. Buchanan can hardly be acquainted with the history of that cele-

brated bank. The writer whom we have already quoted, Mr. Macleod, in common with other writers with whose works we are familiar, states that it had its origin in a forced loan raised by the republic of Venice in the year 1171, for which 5 per cent. interest was paid, and "commissioners (the Bank) were appointed to manage the payment of the interest to the fundholders and the transfers of the stock." It did not for many centuries do any of what we call banking business, and when, after the lapse of several centuries, it commenced banking, it was on the principle of the well-known banks of Amsterdam and Hamburg, receiving deposits of coin, and giving credit for the amount, which credits were transferable. Those banks did not discount, and derived their profits by exacting payment from their customers for the safe-keeping of their money. The great advantage of those banks was in establishing a fixed uniform standard: the coin in circulation being greatly clipped and worn, and of different kinds and nations—those coins were carried to the banks, weighed and valued, and a credit given for the amount, and those bank credits constituted what was called bank money, which was at a considerable premium over the current coin. Now there is not the slightest analogy whatever between any of those old bank systems and that which it is the object of Mr. Buchanan to recommend. We really feel that an apology is due to our readers for dwelling so much as we have done on a subject which no doubt is familiar to most of them.

STOCK JOBBING CLERKS.

It was with much regret that we noticed the result of Mr. Weir's motion at the Open Stock Exchange, the object of which was to prohibit the members carrying stocks on margins, for employees holding positions of trust in banks and other public institutions, and who are required to give guarantees for their fidelity. It is, of course, open to doubt, whether it was expedient to bring forward such a motion at all. No such proposition was made by any member of the regular Stock Exchange, and we can readily conceive that the members of that body might consider that it was wholly unnecessary for them to declare by resolution, that they would not commit an act of obvious impropriety. Still, in view of recent occurrences, we thought Mr. Weir quite warranted in bringing forward the resolution, of which he gave notice, and which was framed in terms to which there ought to have been no objection. We must confess that we were startled at the amend-

ment, which expressly sanctions the carrying stocks on margins for employees in monetary institutions, "when known to be persons of means." The first question that presented itself to our mind was, how would the resolution, as amended, bear on the Barber and Glass cases? Both of the individuals in question were commonly reputed to be "persons of means," and the very broker who moved the amendment to Mr. Weir's motion was one of those who carried stocks for Mr. Glass. No one would be so unreasonable as to interpose obstacles to legitimate investments by the employees of monetary institutions. What is objected to as most reprehensible is, that such persons should engage in the business of stock-jobbing, should, in fact, be encouraged in secretly carrying on a business, that, if they were known to be engaged in it, would ensure their dismissal. There is really no use in discussing the question. We do not believe that there is a bank, or insurance company, or building society, or merchant in the Dominion, that would for a moment tolerate the employment of a clerk known to be engaged in stock-jobbing. Mr. Weir's resolution, therefore, merely called on the members of the Open Stock Exchange to assist the monetary institutions by throwing all obstacles in their power in the way of those resorting to practices condemned by their employers, and yet it is said that Mr. Weir himself consented to an amendment entirely destructive of his own resolution. There is some mystery which we do not clearly understand in connection with the Open Stock Exchange, for Mr. Weir has, it is said, resigned the presidency of that body. The public should certainly be informed of the names of those who avow themselves ready to assist the employees of monetary institutions in speculating in public securities, provided they are in their opinion "persons of means." Our own opinion is that the great danger to be apprehended by such institutions as we have referred to is from those of their employees, who are reputed to be "persons of means," and that such persons had much better adopt the business of stock-jobbing, or stock-broking, as several of them have already done, than continue to carry on in secret a business that their employers would not permit them to do. We have little doubt that the banks will find out the names of those brokers who are prepared to aid their clerks in stock-jobbing, and that they will be cautious as to their dealings with them.

— Another broom factory is about to be started in St. Thomas, Ontario. The Molsons Bank building, in that town, will be completed about February 1st.