

## THE LATE BANK FAILURE.

THE failure of a bank in Toronto in the midst of one of, if not the most prosperous communities in Canada, is a startling and painful event. The misery thus caused to hundreds of depositors, shareholders and officers, is most distressing. The bank was recently founded; its opportunities for such public service as would bring it a substantial reward of profits, were ample; its credit was large and growing, yet it failed shamefully to discharge its duties, and more disgracefully, to fulfil its responsibilities. The very object of a bank seems to have been either rapidly ignored or never to have been known by its directors.

The essential, the foundation principle of a bank is that of a public trustee. It is not a private enterprise entered into by a body of capitalists. A bank is chartered by the State. It has certain highly special privileges conferred upon it under an Act of Parliament. It therefore stands forth as an institution vested with an authority and position of a quasi or partly State character. The State in conferring the Charter upon a new bank virtually says to the "public: This institution is so well organized in our judgment that its credit is equal to the responsibility of acting as your Trustee in the investment of your money, we give it a State right to pass into your hands notes, which are its promises to pay certain sums, which you, the public, will lend to it, and for your protection we shall exact from this bank a detailed statement of its standing every month." The relation which the State is thus by its own Act brought into with a bank we shall not discuss. Having placed a banking institution in this position, having vouched for its stability, having undertaken to watch its affairs, having thus secured for it public confidence, it is surely the duty of the State to see that the public are not misled by this institution which it has created and given virtually a promise to oversee.

That there is a terribly weak spot in our State laws and usages in regard to banks is clear. The case of the Central Bank shows that a Charter was given to men by whom it was founded and by whose direction it has failed, who were grossly unfit for so grave a trust, granting their honesty of purpose, they were without any experience. The State, as it were, examined a ship, testified as to its being seaworthy, licensed it to carry passengers, and then gave a commission to a captain and crew who, all save one, never set foot on a deck before! Now in Canada "a handy man" is invaluable on a farm, but "Jack of all trades" is usually master of none. To manage a bank well is one of the most difficult feats of trained skill, requiring long experience, special talent, and the exercise of the highest moral qualities. There seems to be profound ignorance on this matter, or we should not see men placed on a Board of Directors whose knowledge of banking is, to use an Irish form of speech, not even elementary, for they know nothing.

If the whole of the loans made by the Central Bank had been of a good average character the business of the Bank even then showed scandalous blundering, incapacity and recklessness, the recklessness of extreme ignorance, which is well nigh as dangerous as that of fraud. There are proportions necessary to be observed between the various parts of a bank's business in order to ensure safe working. This Bank set such proportions at naught. Deposits flowed in under the temptation of unusually high rates of interest, and deposits flowed out in loans without a thought of all these monies being really trust funds, placed with the Bank because of the credit it had been invested with by its State Charter. "Easy come, easy go," in four words, tells the whole story of every bank failure. But had the Directors been men of experience they would have become more and more cautious, watchful and provident, as the large funds came into their hands. They would have acted as a captain does when his sails are filling to their utmost tension, he takes care to regulate them according to his ballast or freight, that is, to his grip on the water; he is specially wary of the course he is running, so that he may not be blown over or run into a dangerous position. The banker who fills up his coffers with public deposits and then runs them out into loans regardless of the basis of his credit, his paid up Capital and Reserve, is either criminally negligent or criminally incompetent. The advances made by the Directors of the Central Bank prove that they were both. That they lent each other sums outrageously disproportionate to the capital and capacity of the Bank, and to their own stability and ability to use soundly, demonstrates the truth of both charges.

This Bank failure has other lessons than the rottenness of the present system of Bank Chartering and Bank reporting to the government. The public suffer in this scandal to a large extent from a rod of their own plaiting. There is a contempt in Canada for specialists. The judgment of men highly trained for certain callings by a long course of study is constantly pooh-poohed as of no special value. Physicians are ranked with quacks; Theologians with mere religious frothers at the mouth; Lawyers get fat on the blunders of wisecracks in law. As for Journalists, we of course know less of a newspaper than anybody. Any man with a purse and a name can be director of a bank. Even the Mayor of a city like Toronto, a mere trader, can put his crude notions against, and publicly sneer at a civil engineer of world wide repute. The presumption bred of ignorant self-conceit provides us with all manner of suffering in mind, body and estate. To it we owe much of our disease, a vast bulk of our law suits, all our religious sects, parties, and such cranky agitators as prohibition and the like. Our banks break therefrom, our sewers are pestilence carriers, our public works a scandal, so many of our public men a public reproach. Verily the public that glorifies presumption reaps in disasters what it has sown in folly.

## INTEMPERANCE REBUKED.

A CIVIC election seldom furnishes a theme suitable for a Church organ. But the recent one in Toronto cannot well be passed over in as much as the lesson it conveys is eminently an interesting and valuable one to all religious people. During the last two years the mayor of that city, Mr. Howland, has been creating excitement over what he imagined himself to be doing to improve the morals of the city. Those who knew the history of such efforts under men far his superiors in judgment and tact, were fearful that another instance would be put on record of vice being stimulated by injudicious zeal for its suppression, and a grievous and lasting injury be thus done to the cause of moral reformation.

Toronto has furnished this instance.

The large increase in drunkenness since he came into office is admitted by Mr. Howland himself, and the increase in a more subtle form of vice we know from unquestionable testimony, has also been very great. A dandelion tuft of seeds has been sought to be suppressed by blowing the seed bearers in every direction, the root being left in the ground!

But another question of grave moment was an active factor in this contest. The Methodist ministers in Toronto gave up preaching what they call "the Gospel" to go into political stumping in their pulpits. They determined to decide who should be mayor of Toronto. They poured abuse most malignantly slanderous on all who preferred another candidate; they sought to frighten any such citizen into obedience to their commands by fixing upon him a foul stigma, by attempting to destroy his character. No Romish priest ever sought by fouler means to bull-doze his flock than those used by the Methodist ministers in Toronto to drive their sheep and all citizens who were cowards, into slavish subservience to their mandate. One preacher wound up a sermon by imploring the audience to "believe on the Lord Jesus Christ and vote for—!" One injunction being equal in obligation to the other! Sunday after Sunday this profanation of the Sabbath had gone on; persons by name who differed with these Papistical-minded persons have been slandered in their pulpits. Even one of our clergy was weak and foolish enough to catch this municipal politics fever; but they and the Presbyterians and some others did not so desecrate their pulpits nor insult their flocks. What is the result? The candidate favored by Methodists got 7,050 votes against 10,076 recorded against him. The bye-laws for restraining the liquor traffic were thrown out; Mr. Howland's two year's rule was condemned at every point by enormous majorities. Thus that extreme, violent, rash policy, so favored by the intemperate temperance party, has helped to discredit and to very seriously hamper and damage the cause of moral reformation, by identifying it with "Methodist priestcraft" and a policy of slander and falsehood.

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