

that no individual should be permitted to do those things which interfere with the rights to light and health of his neighbors.

**Restriction Injures City.**—"The city of New York has suffered by this false idea. The limit to the erection of buildings has reduced the value of adjacent properties as a result of this license. We have ruined the appearance of the city, and impaired the health of its citizens, only to reduce the number of its suitable office buildings. Also, we have rendered it practically impossible to get any commensurate value from a great number of lots which are surrounded by these buildings of great height which have shut off their neighbors from light and air which they require.

"German and English cities have enforced ordinances which it would be well for American and Canadian cities to copy. The fact of the matter is that so far as New York is concerned, we have allowed ourselves to reach a condition which is without remedy. I speak now of the Borough of Manhattan. We can still help outlying boroughs, and you have opportunity to help a city which is growing logically and sensibly, but which you should not permit to depend for growth on artificial means."

## PRACTICES OF THE WORLD'S BANKS

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As has been the rule, the rate of discount announced by the Bank of England from time to time serves as a guide to the other banks throughout England and Scotland in fixing their rates for loans and deposits. It is, indeed, in a position to compel other banks to raise their rates to the same extent; for, should the London joint stock banks, for example, continue lending at a lower rate, the Bank of England would proceed to borrow all floating money that could be found on the security of consols, and thus create a vacuum, which could be filled only by money from foreign countries.

The Bank of England is the banker of the Government; is the largest issuer of notes, issuing its notes when required in exchange for gold bullion and paying notes in gold coin; and, being the bankers' bank, the weekly returns as to its position form the best possible barometer of the state of trade and credit in the country.

London has often been referred to as the clearing house of the world; for here many of the largest traders make their settlements; here the world's supply of gold finds its natural point of distribution; and here, England herself makes her great loans of capital. The Bank of England, therefore, is the centre of a great system of joint stock and private banks doing an immense cosmopolitan business. These banks keep their chief reserves in the Bank of England, which necessarily, therefore, occupies a position of great responsibility. From the peculiar nature of the business done by these banks, it follows that their liabilities are affected by numerous and sometimes unexpected conditions, whether in England or in any foreign country of importance, and hence they must often find themselves subject to great and sudden demands, which react, of necessity, upon the Bank of England, in which they keep the major part of their reserves. It is seen, therefore, that the Bank of England holds in its charge that on which the solvency of the banks in general, the safety of the commercial public, and the credit of England alike depend.

It has been said that in Scotland credit has been systematized to the last degree, and in this connection it will not be out of place to refer to their system of "cash credits." These, while not directly affecting the money market, perhaps, have yet from the fact that they have played an im-

portant part in the development of agriculture in Scotland, tended to affect it in their reactionary and future results.

When a borrower obtains a cash credit from the bank he is permitted to draw money as it is wanted up to a certain sum, being charged interest only for the time and on the amount actually used. As a cash credit is not based upon any completed commercial transaction, it is in reality "accommodation paper." For this reason adequate personal security in addition to that of the borrower is required, the bank thus advancing the loan on its knowledge of the character of the borrower and of the responsibility of his endorsers. Owing to this system, many young men of ambition and character have been enabled to attempt praiseworthy enterprises without the necessity of waiting long years to accumulate money from their own earnings.

If we consider the vast number of securities discounted by the Bank of France and their small average amounts, it must be at once apparent that the bank is a lender on a large scale to the class of small traders. One reason for this is that the bank discounts a great deal of paper on which advances have already been made by the banking house, which are the immediate customers of the bank.

Owing to the policy of the bank in lending in this way to intermediaries, and also direct to the small borrowers themselves, these latter are enabled to derive much advantage from the relief afforded by the maintenance of a fair rate of interest due to this flow of loans at a steady rate from the bank. The bank has also found by experience that the business carried on with the class of small traders is singularly free from loss and generally steady in its movement. Owing therefore, to this class of business, and also to the advantage that it enjoys as a debtor, under the bimetallic system of the Latin Union, the Bank of France has become in specie holdings the strongest bank in the world, and is less affected in times of financial stringency than any other bank.

I have referred before to the elasticity allowed to the Reichsbank in its note issue. Owing to this "elastic limit" it is enabled in a time of financial stringency, when the demand for loans is imperative and the market rate is high, to meet the necessities of borrowers, and thus quiet the public mind.

Like the Bank of England, the Reichsbank holds a large percentage of the reserves of the other banks. As a consequence, the German banking world is dependent upon it in the event of any extraordinary demand. Occupying, as it does, the central position in the German money market, the Reichsbank finds it necessary to be ever on its guard against the dangers of the depletion of its reserve; and a diminution of this reserve is not only regarded with concern by the banking world, but becomes a matter for general uneasiness from the fact that this reserve is regarded as a most important resource for the Empire in time of war. Like the Bank of England, the Reichsbank regulates this reserve by varying its rate of discount, and, as a general rule, seems to have experienced less difficulty than the Bank of England in bringing the outside rates of the general money market up to a close approximate of its own rates.

Under the operation of the reserve system the cash reserves of the national banks are centred in New York. The great structure of bank credit in the United States, resting as it does in a large measure upon the money reserves of the New York banks, has been analogized to an inverted pyramid upon its apex. Financial conditions throughout the whole country are affected by every important fluctuation in the New York money market; and, similarly, the New York money market is affected by every change of any consequence in the demand for money or credit in any part of the country.

Great economy in the use of money is the result of the central reserve system, the use of which, however, in the