

This took place in August, and a general panic began immediately. The Philadelphia and Baltimore Banks, almost all, stopped cash payments on the 25th and 26th of September. Smaller Banks, of secondary cities, were daily reported to be in difficulties by the local newspapers and by the Bank Note Reporters; but on the 5th and 6th October several institutions of some standing at New Orleans and Hartford stopped payment. On the 9th October a run took place on the Park Bank at New York.—About the same time several large Railway Companies failed to pay the interest on their debts. Still the Bank managers in New York and Boston represented themselves as able and determined to meet all demands upon them. But their assurances failed to obtain the public confidence. On the 11th and 12th of October runs were going on in several of the important cities of the Union. On the 13th of that month the redemption of notes in specie ceased in Portland and in Hartford, Conn. During those days the New York and Boston Banks contrived to sustain the drain upon them; but upon the 14th, they shut down their tills, in both cities, and suspended in a body.

The news of the break down of the banks in Wall street and in Boston, of course created considerable apprehension among ourselves. For several days there was a very general belief that the Canadian banks must follow the example of those in New York. A vague idea that a suspension of cash payments would at once relieve the money market, by substituting a paper money, which could be augmented at will, for one in hard cash, whose volume depends, at a given time, upon circumstances beyond the control of any individuals, brought a great deal of outside pressure tending to suspension to bear upon the bank Directions. The Montreal merchants, however, generally adhered to the rational opinion that the bank managers were themselves the best judges of their own position, and that their decisions should not be influenced by advice based on inferior information, and given by persons naturally trembling for their own stability. No public movement, therefore, was made in this city in the way of offering counsel, though it is probable that, during a short period, suspension would have been far from unpopular.

In Quebec the merchants assembled, and passed resolutions recommending the banks, in

the interest of the mercantile community, to suspend specie payments. Happily sounder views of policy prevailed in the bank parlours; and at meetings of Bank representatives held in this city during the panic, it was determined to continue cash payments. It is a subject of congratulation and pride that our monetary institutions have, without exception, been able to carry out that determination, and that while a breach of contract has been general with the Banks almost all over the continent, those of Canada have maintained every engagement with the public, while, at the same time, as a rule, they have sustained the credit of individual traders by liberal advances, which could only have been made in present circumstances by institutions under good management, and willing to make some present sacrifices for the common benefit. We mention this fact of the willingness of the Banks to make sacrifices, because it must be remembered, that, at a time when, in order to render available the credit of their customers, they have been obliged to push their own resources in the way of credit as far as possible, they have had to deal with a money market where the rate of interest was for a time 10 per cent. for the most approved paper, while here they are restricted by our most absurd laws to the rate of 6 per cent. Writing for business men, it is not necessary to disguise the fact that there are practically modes of somewhat overpassing this limit of profit; but it is nevertheless undoubtedly true, that the 6 per cent. rate has tended greatly to hamper the banks, and by restricting the margin of their profit to curtail the accommodation they could afford to their customers, without loss to themselves. They are, however, not without their reward. We have elsewhere printed tables showing the fluctuations in the value of the stocks of these institutions; by which it will be seen that, even during the panic, they declined no more than was to be expected from the natural increase of the value of ready money, and that since then they have been steadily regaining their old position.

Since the catastrophe to the banks at New York, the monetary world has met with several new shocks from the reaction in Great Britain. We need not recapitulate the many calamities which have occurred there, and which have reduced not merely flourishing commercial firms, but old established banks, of a world-wide re-