

the diminution of human and equine labor caused by the introduction of the Trolley. As the question has its religious side, it is one which every man must settle for himself; any attempt to coerce or to exercise undue influence over the voters would be an infringement of their sacred liberties. In another aspect, the individual bias is prominent. Where one man feels the need of some means of conveyance to church or park, another does not, and the wants or wishes of the one cannot settle the question for the other; each must decide for himself. The poll, to which resort is directed by the city council, will enable him to do this. It would be a delusion to suppose that the car is desired or will be used only as a means of getting to church; it will be used also as a means of getting to park and field.

One of the new uses which is constantly being found for electricity is to open and close the lock-gates on canals. A contract for supplying electric plant to the Beaubarnois Canal for this purpose has been let; and it is said that the same power will be used at the Sault Ste. Marie Canal.

A German emigration from Illinois to Manitoba and the Canadian North-West is a contingency on which Captain Holmes, Inspector of Canadian Emigration Agencies, is reported to be counting. Emigration literature is freely distributed at the Chicago Exhibition by Canadian agents, and this is one of the results which it is expected to produce. The cheap and fertile soil of our North-West will attract emigrants by force of its natural advantages, and the neighboring Republic will not be the last country to furnish its quota. The time is coming when the stream of population will run with greater force from the Republic into Canada, than from Canada to the Republic.

THE LATE WALL STREET CRISIS.

Just before the issue of the second batch of Clearing House certificates, on Thursday, June 29th, the monetary tension at New York had reached the highest point it attained. The issue had the effect of preventing a panic, which must have been on the point of breaking out, for a state of things had been reached when, by actual experiment, it was proved that a loan of \$10,000 on the security of \$100,000 of government bonds could not be obtained, till nearly every bank had been applied to. The fact is stated by the *Journal of Commerce and Commercial Bulletin*, of Friday last; but it is not stated whether the commercial house which made the attempt finally succeeded. After the issue of \$8,475,000 of certificates had been made, the situation was relieved. But the relief itself was administered in doses of which not many would have been required to produce a fatal result, the rate paid by borrowers being $\frac{1}{8}$ of one per cent. a day, and legal interest, equal to $\frac{7}{8}$ per cent. per annum. Put in this way, the figure looks large; but the fact remains that the $\frac{1}{8}$ of one per cent. and legal interest for one day served as the plank of salvation.

The significant fact that the issue of clearing house certificates averted a panic is the lesson of the crisis. The effect was, perhaps, more felt in calming alarm than the actual aid rendered. On a like occasion the mere passing of an Order-in-Council enabling the Bank of England to exceed the legal limit of its note issue, had the desired effect without an actual issue being made under the order. The ghost was laid by the knowledge that a power existed to overcome it. There is a good deal of similarity between the issue of clearing house certificates and an extra issue of Bank of England notes, the chief difference being that the latter rests upon legal authority, while the former has for its justification the pressure of necessity. Whatever may be the legal aspect of the clearing house certificate, its merit is that it had the power to prevent commercial disaster.

It would seem that the banks receiving the certificates were not themselves so much pressed for means to meet their own obligations as for the purpose of relieving the pressure on the market. One broker was employed to loan \$3,500,000 of these certificates. Another placed \$2,000,000 of them. No less than six millions of the amount appears to have been loaned by the banks the day it was issued. Surprise was expressed that the banks, which paid only six per cent. for the certificates, should have charged fifty-two per cent. in re-loans. The borrowers were evidently willing to purchase salvation at this rate. The loan was only for one day, and the effect of the two operations was to bring down rates to compassable figures. All this time, one of the banks which was not under the necessity of taking out certificates was lending at high rates, one at 10 per cent., and did not even confine its operations to customers. All sorts of inequalities are possible on such an occasion.

The most serious fact in connection with the crisis is the warning that if a panic had come, no large amount of cash could have been realized from any form of security. There may come a moment, a day, in which securities, relied upon as cash assets, cannot be turned into cash. But the fact, however startling, is not new and is not avoidable; it may and does suggest caution. Many systems are good in fair weather; but there are hurricanes in which safe shelter is hard to find. Of all these a hurricane of panic, causeless fear, or fear going far beyond any real cause, is the worst and the most difficult to be overcome. Luckily the monster was not let loose in the recent crisis in New York.

Whatever their advantages, and they are considerable, call loans tend to increase speculation, to raise the price of the securities loaned upon, by furnishing the means and duplicating the number of dealers. When prices become abnormally high, reaction sets in, the decline causes losses to the operators; suspicion, the mother of distrust, comes upon the scene, and now and again panic follows in her train. If loans are made upon a narrow margin, which the fall of a day may threaten to extinguish, the lenders share the anxiety and alarm of the borrowers when a decline

of price comes; the bears see their opportunity and lay themselves out to make the most of it. Investment purchasers, who have held back on account of the high prices, now, if panic can be held at bay, come forward and their acquisitions tend to relieve the market and to prevent prices falling much below the normal line indicated by the interest-earning capacity. The circle is completed; the wheel keeps on turning; the motion, though not always in one direction, is perpetual, interrupted only by rare moments, occurring at long intervals, in which it is impossible to sell any large amount of even the best securities. These occurrences are the crucial tests by which the weak points of a system, not before suspected, are found out. But as a general rule, the information comes too late: the mischief is done and cannot be wholly repaired.

THE FAILURE OF THE COMMERCIAL BANK OF MANITOBA.

This failure is not one of those bolts out of a clear sky which sometimes happens, and which startle everybody and lead to the surmise, "What is going to happen next?" The bank in question has for some time back been known by other bankers to be in an insecure position. They said nothing about this for obvious reasons; but they thought about it a good deal, and one of the things they thought was that the bank must surely come to a stop at some time, though what that time would be was known to none of them.

The Commercial Bank of Manitoba was one of those institutions which owe their rise to the purposes and enterprise of a single individual. Its late president and general manager was for many years the local manager of the Merchants' Bank of Canada in Winnipeg. In fact, he opened the first banking office there. For some years a very quiet business was done. Then, at the "boom" period, a tremendous rush of business gathered about the office. The manager himself had made considerable purchases of property near the city, and gradually came to be looked on as one of the wealthiest and most prominent men in the city. It was this probably that led to his embarking on the field of banking on his own account, a partnership being formed with men of prominent English connections for the purpose. The firm, under the title of Macarthur, Boyle & Campbell, did a very large business, both in negotiating loans on property, and in lending money to a somewhat more needy class than ordinary bank customers. In the course of a year or two it became known that a project was being worked out for the establishment of a local bank with its headquarters in Winnipeg. A charter was obtained, stock to the amount of several hundred thousand dollars being subscribed for (Mr. Macarthur himself being down for by far the largest amount), and in due time the private banking firm was dissolved, and its business became altogether merged in that of the Commercial Bank.

This bank has always done business under strong local influences. These have their advantages, but they have also heavy