

flaite prices of securities, cause relaxation of the rules for doing a safe banking business, induce merchants and manufacturers to spread out beyond the safety limit, cause them to allow their assets to become slow and fixed and promote gambling on the exchanges of the country."

This truthful indictment comprises all the charges that can be laid against a currency system.

Mr. Garrels, who drew up this accusation, has evidently been a student of the Canadian currency. His plan, in its main features, as set forth in the New York Banker's Magazine, is identical with the system of Canada, as the following synopsis shows:

1. The notes to be issued are to be based on the general assets of the issuing bank, against which they are (to be) a preferred lien.

2. They are secured further by a district safety fund and a general guarantee fund, created out of a tax on circulation and also by a gold reserve of 30 per cent., which each bank is required to hold for redemption of its circulation.

4. In case of a bank failure, the outstanding bank notes of the bank that failed are at once redeemable out of the general guarantee fund, which is later reimbursed as a first preferred creditor out of the assets of the bank that failed up to the full amount of the outstanding bank notes. In case the assets of the bank that failed are not sufficient to cover its circulation, one quarter of the loss is made good by the district safety fund and three quarters by the general guarantee fund.

3. Each bank is to be allowed to issue notes to an amount equal to 1.50 per cent. of its capital.

The similarity of the provisions of, basing note issues on a bank's general assets, with a certain ratio to the capital and the establishment of a guarantee fund, to the Canadian currency system is obvious.

The other features relate to a complicated arrangement of what are styled "redemption cities," which seem too elaborate to us, who have made all bank notes issued in Canada current and practically redeemable all over the country. The proposed system would tend to localize the circulation and would give the Deputy Controller such functions as would be liable to become embarrassing and irritating to bank managers.

Mr. Garrel's proposals are practical and practicable as they have been suggested by the Canadian system which, whenever put to the test, demonstrates its soundness, its elasticity and its capacity of rendering services commensurate with the country's needs.

The sooner the United States currency is modelled on the Canadian plan, with such variations as are needed by the special geographical and other conditions of that country, the better it will be for all our neighbour's business interests. One notion particularly needs to be got rid of, the idea that

bank notes are a legitimate prey of taxation. The machinery of finance works for the public advantage, it ought, therefore, to be left untrammelled by taxation.

### THE STANDARD BANK OF CANADA.

The directors of the Standard Bank, Toronto, decided on 10th inst., to increase the capital from \$1,000,000 to \$2,000,000 subject to the approval of the shareholders.

It is proposed to make an issue of \$250,000 at an early date, on which the premium will be 100 p.c. The reserve fund at present is the same amount as the paid-up capital, a proportion that will be maintained when the new stock is taken up.

The Standard has been noted for the good dividends it has never failed to pay. For some years the rate was 8 per cent., then a 9 per cent. dividend was paid with a bonus of 1 per cent. and since 1901 the rate has been maintained at 10 per cent.

This puts the new stock on a 5 per cent. basis when a premium of 100 per cent. has been paid.

The October bank statement gives the circulation as \$750,446, which is close to the legal limit. The new stock will enable so much more notes to be issued. The deposits on 31st October last were \$12,581,321, and the current loans and discounts \$11,715,402. The immediately available assets stand at a high figure. The policy of the Standard Bank from the first has been very conservative. In branching out this policy will, no doubt, be maintained.

The resources of the bank have evidently been well utilized.

The vice-president made an interesting statement describing a trip made by a party of the directors through the Northwest to British Columbia, as a result of which the bank is likely to take steps for enlarging its Winnipeg interests and opening at other points.

### FIRE IN PREMISES OF BRITISH-AMERICAN IMPORT CO., MONTREAL.

By the fire which occurred on the 14th inst., on the premises of the British American Import Company, the following companies are interested:

Aetna .....	\$82,500
British America .....	2,500
German American .....	2,500
Guardian .....	5,000
Home .....	2,500
Liverpool & London & Globe .....	3,000
Northern .....	10,000
Norwich Union .....	5,000
Scottish U. & N. ....	2,500
Union .....	15,500
Western .....	2,500
Richmond D. & Y. ....	1,500
Equity .....	2,500
London Mutual .....	4,000
Ottawa .....	2,500
Traders .....	4,000
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	\$68,000

Loss about 65 per cent.