

FINANCIAL REMEDIES.

As always happens on the stoppage of a bank, several remedies for the security of note holders have been proposed. A forgotten remedy, which doubtless the author regarded as original, has been revived. It is the old Safety Fund system of the State of New York, with some modification. The proposal is that the banks should secure one another's notes; and, what is now not less than dangerous, that all bank notes should be a legal tender. The old Safety Fund system, long ago discarded, may be admitted to have been useful in its day. It afforded some, though very inadequate security, and was the precursor of the system under which banks' notes are secured by a deposit of bonds. The Safety Fund law was a first step and it was important in containing the admission that some security other than what was afforded by the banks, at the time, was necessary. But as a means of security the Safety Fund proved entirely inadequate.

The next step in advance of this fell short of affording the security that was necessary: the provision, in the form in which it was first made, for the deposit of securities, to provide means for the payment of the bills. Care was not taken that the character of the securities should be such as would guarantee their speedy convertibility, in case of necessity. Mortgages and bonds of industrial corporations were made admissible. Afterwards, as this form of security developed and became more perfect, the securities of State governments were required. In the present American National Bank law we have the full development of this mode of securing bank issues. It was brought about gradually, and although the object of the Federal government of the United States was to obtain a forced loan, it hit upon the most perfect method which, in the State of New York and elsewhere, had been devised for the security of the bank note currency. If Canada ever adopts this system, she will do so directly, and will not arrive at it through the successive steps which the state of New York took, beginning with the Safety Fund law.

To make bank notes a legal tender is out of the question. This could only be done on some impossible conditions, such as keeping specie for the full amount of the notes issued.

THE CENTRAL BANK OF CANADA.

Arrangements for the early payment of the notes of this bank are being made, but up to yesterday they had not been completed. That they will be paid in a short time is, we believe, beyond question.

There has been a good deal of discussion with respect to the action of some other banks, in first taking the notes of the Central on deposit, and giving credit for them, the day before the suspension, and afterwards notifying the depositors that they had charged them back. The general rule of law applicable to the deposit of securities in England, is referred to by a correspondent, in another column. There appears to be only one case decided in

Canada, and it was decided against the bank, on the ground that both parties being equally innocent of the condition of the bank whose notes were deposited, the loss must fall upon the party who had accepted the bills. But if our correspondent has correctly stated the rule of law which applies generally to securities deposited with a banker, in England, there do not appear to be decided English cases applicable to the point in question. The whole tendency of American decisions is against the position taken by the banks, on the present occasion; it is to treat bank notes as money, and these are the only cases to which it would be possible to appeal in the present instance.

This is the point on which the cases generally would turn: did the receiving banks exercise due diligence to secure payment of the notes? What would be due diligence, under the circumstances? For the circumstances must be taken into account. Some of the notes, so received, were, we believe, presented for payment on the day they were received; but not till the bank had closed. This demand was in anticipation of the ordinary time for making the exchanges between banks, and it shows that the receiving bank was aware that something was wrong. In other cases the demand for payment was not made till next morning, and perhaps not at all, in the way in which it should have been made. It is not sufficient for the bank holding the notes to ascertain that the bank which had issued them had stopped payment; it would be necessary to present for payment the identical notes received, in each particular case. If the Central Bank had had difficulty in making its exchanges, before the notes were received on deposit, and the fact were known as it must have been, this would not be without its bearing on the question of what, under the circumstances, constituted due diligence in the endeavor to secure payment of the notes. The general public had no suspicion that there was anything wrong with the Central Bank up to the day of closing; but this cannot be said of persons who drew notes out of the Central to deposit them in other banks, as a precaution of safety.

If their knowledge was not on a par with that of the receiving banks, it was not far behind it; and when the two parties had equal information they would stand on an equal footing. If a bank received such notes early in the day without ear marking them, and afterwards received additional information as to the state of the Central, it was its duty to impart that information to the depositor, so that he, who might have had no such information, could have the opportunity of applying the same remedy that the bank would have, and be required to use, if it received the notes. This point can now be discussed by the parties interested, in cold blood, because whatever way it is decided, it will make no great difference to any body, since the notes are good and will shortly be paid.

Doubtless the stoppage of the Central has some lessons for us; but it is uncertain to what extent the public will profit by them. The managers of the Central were too ambitious; they had not learned

what a witty French writer and an English economist call the difficult art of sitting still in a room, the want of ability to do which proves fatal to a great many people. Their activity was extended much too far. Luckily disaster, in this case, is not associated with dishonor, and even failure does not prove that Mr. Allen, the manager, left to himself, would have not managed safely and well. The directors knew too little about banking, and without any dishonest intent, insisted on driving too fast, with the result that they halted their steed. This error has been committed before, and will be committed again. All we can do is to point the moral, and if it makes any impression, some gain will have been made.

THE BUSINESS MAN'S HEALTH.

Although the following item was written with especial reference to Americans, there is much in it that applies to business men of the modern type, everywhere. Many Canadians are wearing out their lives prematurely, and do not know it. They "waste more than they make up" continually. We quote from the *Sanitarium*:—

"The cause of much of modern premature decrepitude and nerve degeneracy and break-down is in the many inventions man has devised whereby he robs himself of timely rest. The morning newspaper, often read through before breakfast; a telephone in his house, to call him at any and all times aside from his repose; the electric light, to keep his brain unduly stimulated through the retina; the railroad and the sleeping coach, which may keep him continually on the rail (if he chooses to so travel) for many weeks without rest from the noisome and exhaustive cerebro-spinal concussions of this mode of travel. Then hasty meals and telegrams, and business, and nightmare sleep, all commingled, wither and wreck lives innumerable, which, under wiser management, might end differently. And the needless noises of the city—the bells and whistles, howling huxters, noisy street cars, yelling hoodlums that make night hideous with their howls—hasten the premature endings of useful lives. When, superadded to all this unphysiological strain, we have the assault of a pestilence that poisons like cholera, how much exemption can over-wrought organisms expect? How much of resisting immunity can such overstrained and exhausted nerve force oppose to the invading foe?"

And in his address to the International Shorthand Congress, the Earl of Rosebery referred to the pressure of the times upon every class of civilized humanity, and stated that the telegraph, the telephone, and the postal card, in addition to shorthand, are nothing but "the signal of distress of an over-strained civilization."

A sharp line should be drawn by all commercial men between their business hours and their hours of domestic life or social recreation. "Don't bring your whole business home on your back, my dear," said a bright young wife to her husband who sat at the tea table moodily toying with his knife, and lamenting a bad debt, "don't bring your business troubles home, but come and play with the children, it will do